



# FinanceGO Guide

Training educators to implement Financial Literacy courses for Young adults at risk

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## Introduction to the Guide

The FinanceGO Guide for educators was created as a part of the FinanceGO Project, which aimed to provide a resource for educators who offer Financial Education courses to young adults. This FinanceGO GO Guide aims to provide educators with practical tools and to inform them about how to use these tools educators about how to use the tools, in order to teach financial education to young adults using a dialogic learning approach and applying ‘Interactive Groups, a Successful Educational Action’ as identified by the research done in the topic (INCLUDE-ED, 2006-2011).

The contents of the FinanceGO Guide and the topics of financial education addressed are based on a curriculum of financial literacy developed as part of the previous [EDU-FIN project \(2014-2016\)](#), which took into account the voice of young adults and therefore was created using a dialogic learning approach. This curriculum was created through a participatory process involving young adults (themselves at risk of social exclusion) from four European countries; Spain, Austria, Bulgaria and Italy. The financial education needs and ideas of young adults were compared and contrasted with European financial programmes identified as good practice. Consequently, the topics addressed in the FinanceGO Guide are a result of an egalitarian dialogue between the good practice identified by research on what works best (Valls, Kyriakides,, 2013; Oliver, Gatt, 2010; Valero, Redondo-Sama, Elboj, 2018; García Carrión, Molina Roldán, Grande López, 2016) and the young people to whom this curriculum is addressed.

In the process of developing the FinanceGO Guide, this egalitarian dialogue was also ensured by applying Communicative Methodology (Gómez, Puigvert, Flecha, 2011) at two key moments of the project: a) communicative focus groups were carried out at the beginning of the project with both educators and young people in Italy, Bulgaria and Spain and b) young adults and educators also participated in the construction and evaluation of the contents through the National Coordination Committees, and their comments served to test and improve the outputs, ensuring that the materials developed and presented in the FinanceGO Guide would be appropriate for the target group of the project (young adults at risk of social exclusion, 18 to 34 years old).

This FinanceGO Guide explains how to implement the proposed curriculum and activities through Interactive Groups, validated by precious research as a ‘Successful Educational Action’; “that is, actions that can improve [educational] success and contribute to social cohesion in every context where they are implemented.” (Flecha, 2015, p. 3). The same can be applied to non formal education and communities in general. They are considered Successful Educational Actions because they have been applied to different contexts and have always obtained similar results. Therefore, they are transferable. The approach taken here reflects an emphasis on literacy, numeracy, and communication skills and draws on the existing experience of young adults.

## 1. Financial literacy

### Why is Financial Education important?

The real goal of Financial Education is to develop the skills needed to manage your finances, in expected and unexpected life situations.

When we talk about financial competence, we refer to an individual's cognitive judgement, decision-making and planning abilities, their practical and technical skills for implementing decisions and plans, including the use of electronic media, and their motivational, volitional and social disposition with regard to liquid funds (cash, bank money), recent and future income, material and non-material assets for themselves, as a trustee for other people, and as a social or political representative for the general public, in efficiently and responsibly generating and implementing such assets to achieve the best possible effect on the short, medium and/or long-term well-being of the people concerned. (Aprea, Wuttke, Breuer, Koh, Davies, Greimel-Fuhrmann, & Lopus, 2016)

An individual who is financially 'literate' is someone willing and able to judge, decide and act autonomously, appropriately and responsibly in accordance with these competences in financially shaped situations. There are three financial roles that together generate classes of economically shaped life situations (OECD, 2016):

- a) Consumer (buyer, saver, investor, debtor, insurance holder)
- b) Earner (employee, freelance, self-employed, entrepreneur)
- c) Economic citizen (taxpayer, voter, transfer recipient)

Financial education should be included in adult education programmes. As noted in a range of reference publications (Aprea et al., 2016; OECD, 2016; Lusardi, A., & Mitchell, 2014; Xiao, J. J., & O'Neill, 2016), financial education for young is currently a challenge which needs addressing, and it should be addressed from a lifelong learning perspective. This is because it is considered that the young people are perhaps more likely to take financial risks than their parents, and they are consumers of financial services from a young age; online payments and mobile phones, for example. At the same time, young people will have an important role in political and educational action in their country and in the world, and it is therefore an imperative to educate and prepare them for financially shaped life situations. This is why the FinanceGO Guide is especially aimed at the educators of young adults at risk of social exclusion who are aged between 18 and 34 years old.

The OECD (2016) considers that members of some of socially excluded target groups, young people amongst them, need special support to understand and use financial products: "Many financial products and services can be rather complex, and consumers may not have the ability and willingness to collect all the necessary information for making an informed choice, especially consumers with low financial literacy and little past financial experience, such as young people, elderly, and migrants."

Furthermore, according to the evidence from the PISA Financial Literacy Option (2012) developed in 18 participating countries, “the analysis of students’ performance indicates that more needs to be done to empower future generations with the tools to achieve financial well-being”.

The relevance of training educators in order to train young people is an essential consideration. The OECD/INFE Policy Handbook (2015) mentions that trainers need adequate teaching skills in order to address to some specific target groups, young people amongst them. In fact, it considers that trainers should be trained for expertise on the subject: “the development of programmes to train the trainers and the provision of specific information material and tools for these trainers should be encouraged”.

The International Handbook of Financial literacy (2016) also affirms that: “we know that –on the one hand- student performance is influenced by a multitude of factors such as student characteristics (e.g. intelligence, motivation, emotions, beliefs, self-regulation, etc.) and class characteristics (e.g. classroom interaction, classroom management of the teachers, peers, etc.) However, recent empirical evidence points to further important factors: the quality of teaching and teachers’ professional knowledge”.

The Handbook mentions the results of a study by Swinton et al. (2007) that identified evidence for the impact of training teachers on financial education on the results of their students, highlighting the success which could be achieved at low cost.

In addition, we can identify some common circumstances facing young people in different European countries which are clear evidence of the need for financial education. Some of the countries have lived through an economic crisis in recent years and their population is still living with some of its consequences, including that young people are facing the problem of unemployment; in 2016 the EU rate of unemployed young was around 19%, according to Eurostat. This can lead to serious situations such as poverty and risk of social exclusion.

Moreover, there is also a significant number in the EU of NEET young people, who are not in Employment, Education or Training (6.3 million aged 15-24 in 2016). It is noteworthy that in some of the countries there are some segments of young people which are more vulnerable; for example, young people belonging to minority ethnic groups.

The EDU-FIN project (2014 - 2016), an Erasmus+ project, which developed a curriculum on financial education on which the FinanceGo Guide is based, used the definition of financial literacy of the Organisation for Economic Co-operation and Development as a basis, but in the development of the curriculum, the definitions provided by participants were also taken into account. For instance, the participants in the participative process of the partner institution Centro Studi e Formazione Villa Montesca (Italy) defined financial literacy as: “the ability to understand and use basic financial information in daily

activities at home, at work and in the community to achieve one's goals and to develop one's potential".

The participants used their own experiences to make sense of the concept and provide a definition. In the same way, the participants of the Spanish national work team agreed that: "Learning basic financial literacy is very important in order not to get tricked". They also agreed that not having access to financial knowledge can make young people more vulnerable.

## 2. Methodology

### 2.1. Financial Literacy Curriculum a result of a participative process with young adults in Europe

The EDU-FIN curriculum on financial education for young adults at risk of social exclusion on which the FinanceGo guide is based, was built through a participative process carried out with young adults at risk of social exclusion themselves. The EDU-FIN Methodology: Promoting participative processes with young adults in the elaboration of educational curricula, explains the necessary steps to develop a participatory process in any institution that decides to include the participants' voices in the development of their programmes.

Five of the seven partner institutions of the EDU-FIN project, developed participative processes in their organisations in order to incorporate the demands and needs expressed by young adults about financial literacy. The EDU-FIN project started from the assumption that it is these very same young adults at risk of social exclusion who know the most about what they need to learn about finances and how they want to do it.

The topics of discussion in the FinanceGO project started with those included in the EDU-FIN Comparative Study, although other topics or interests were suggested by the young adult participants. In this way, the scientific knowledge about good practice in financial literacy was made accessible to the young adults, and they were also able to contribute with their knowledge and ideas, in order to create the new curriculum. This approach ensures both the high quality of the curriculum and its social impact.

The development of participative processes where the voices of young adults at risk of social exclusion are taken into account is crucial for the construction of an active citizenship. The curriculum that resulted from the participatory processes in this project supports young adults in acquiring financial skills. These skills need to be worked on throughout a 'course' or series of workshops. More concretely, the curriculum addresses the key competences and the financial competences that young adults at risk need in order to be effective in today's society.

## 2.2. Dialogic learning

Aubert, Garcia and Racionero (2009) suggest that nowadays, our society is perhaps more dialogic than it was before in that some people demand a more active participation; they expect to be able to participate in decision making spaces and this also concerns the learning environment; “Information, knowledge, is already public, free and easy to get. Students are already accessing the Internet, downloading information and bringing this knowledge to the classroom. They want to make this public and negotiate the [knowledge] that the teachers present with the [knowledge] they have achieved and reflected from their own experience and through their own search” (own translation from Aubert et al., 2009, p. 32). Although this may be more true in some countries and contexts than others, power relations based on authority are gradually giving way to more dialogic relationships that work towards consensus, or to permanent conflict when that doesn’t happen.

Whether this is a current or likely future issue, dialogic education can play an important role: the teacher is no longer the one who has all the knowledge and exposes it to the students for them to absorb. Students and participants also expect a more dialogic relationship, where their voices –as well as the teachers’, and the volunteers’ voices- are taken into account depending on the validity of their arguments and not their position of power. Therefore, we must plan our courses differently than we have traditionally. This methodology takes this dialogic turn in society into account, by describing how to teach financial education from a dialogic learning approach.

The seven Principles of Dialogic Learning (Flecha, 2015) are the basis of interactive groups and, as practitioners of dialogic learning; we should always keep them in mind:

**EGALITARIAN DIALOGUE:** Participants, teachers and volunteers must be considered as equals in the classroom; egalitarian dialogue ensures that their contributions are valued according to the content of the arguments and their validity, and not depending on who makes the contribution. This ensures that the courses respond to the real needs of the participants, while promoting the development of skills such as the selection and processing of information, which are especially necessary in the current Information Society.

Therefore, we start from a dialogic relationship between participants, teacher and volunteers in the classroom. The teacher is no longer the only one who can share information and knowledge about the content being worked on, but also colleagues and volunteers are an essential and a very valuable resource. This way of organising a class promotes the creation of knowledge based on intersubjectivity among all the educational agents. That is, knowledge is created by everyone, and we all have something to contribute.

For example, before a participative process can be carried out to decide together the curriculum of the course, we need scientific knowledge of best practice in financial literacy as well as the opinions of young adults at risk. In this way, the decision of what is going to be done in class is taken taking into account everyone's voice and it is no longer only what the teacher decides .

**CULTURAL INTELLIGENCE:** Through equal dialogue everyone has the same ability to participate. Being focused on an intergenerational approach, value is placed precisely on the different intelligences of the older and younger people. We can all contribute to the creation of knowledge, whether we have had an academic education or not (Habermas, 1984), because adult participants have acquired skills based on their own experiences, which are transferable to the academic context as long as they are guaranteed adequate conditions.

For example, there are people who, due to their work, have frequently had to do budgets, so they can help others who do not have this skill. They can create a budget together and, once done, apart from reviewing what some already knew, discover together the functions that none of them had used before. Others may know more about other aspects of financial literacy because they have also needed it in their work or life experience, and can contribute their knowledge to the group. This helps because the teacher sometimes explains the concepts in a technical way, and when the young adults explain it to each other in their own words and work together, it helps everyone to understand the concepts better.

In this way, the cultural intelligence of the group becomes a resource for everyone to learn financial skills better and faster.

**TRANSFORMATION:** The young people in a situation of social disadvantage transform their situations, becoming active citizens and overcoming social, occupational and educational exclusion themselves. This happens because an education based on dialogic learning transforms the relationships between people and their environment. When the participants are those who create knowledge and culture, this also transforms how they interact with their family, personal and work environment.

**INSTRUMENTAL LEARNING:** By applying this methodology, participants will learn financial skills based on the OECD Core Competencies Framework on Financial Literacy for Adults. Research has shown that instrumental learning increases when there are interactions based on egalitarian dialogue in the classroom. In addition, if there is dialogue and critical reflection, the participants will develop skills to process and select the information. The teacher or facilitator's role is also to ensure that there are always maximum expectations about the possibilities of learning.

**CREATION OF MEANING:** Dialogic learning is one of the best ways to overcome the loss of meaning, because people see that their participation produces changes and improvements. If teachers and participants evaluate financial skills together in a dialogue, they can decide together what is important for them to learn and this will ensure that what is worked on in class has real meaning for the young adults.

**SOLIDARITY:** We need a dialogic education that includes the participation of the participants in the classroom because, in this context of egalitarian dialogue, the development of solidarity is facilitated. As participants become accustomed to working together and helping each other, they will gradually become more supportive of their peers and their environment, ensuring better results from learning financial skills through solving problems together.

**EQUALITY OF DIFFERENCES:** Dialogic learning starts from diversity as a tool to improve the knowledge of all. If a person, due to their culture or age, is less familiar with financial concepts, this does not mean that expectations about what they can learn will be lowered, but that the necessary support will be used to improve their learning of financial skills; just like their colleagues.

## 2.3. Interactive groups

### WHAT are interactive groups?

Interactive groups are a method of organising a classroom; they are small groups in which the participants work together, with dialogic interactions and following the principles of dialogical learning. Through interactive groups, participants multiply the diversity of interactions while increasing the effectiveness of the time spent. In other words, the interactive groups are able to generate, in the same dynamic, accelerated learning for all participants.

### HOW do interactive groups work?

#### a) Before class

The key points to consider before working with interactive groups are:

#### Make heterogeneous groups

The class has to be organised so that the participants can work in heterogeneous groups; with people of different cultures, ages and levels in each group. By having a base of knowledge and different previous experiences, people with different profiles can help each other to better understand the activity because each one will ask different questions and can contribute something to the group. The more diversity there is in a group, the more diverse the interactions will be and that will make everyone in the group learn more than if only people from the same background were present. Therefore, at the beginning, the class is divided into small heterogeneous groups of 5-6 people, although the number may vary depending on the participants in the classroom. The teacher or facilitator may need to help to organise this.

#### How to plan the classes

The facilitator or teacher prepares the activities before class. Then, the teacher meets the volunteers to explain the, so that they can better help in the interactions, and to discuss strategies to facilitate these interactions.

#### b) During the class

#### The role of the teacher (facilitator)

The facilitators or teachers are responsible for explaining the concrete activities to be developed during the class, and already explained to the volunteers in advance. They are the ones who must solve issues when the participants do not manage to do it on their own, although it is important to keep in mind that first the interaction between the participants has to be facilitated so that they reflect on the discussion and learn from each other, instead of focusing only on their own individual task.

Therefore, one of the teacher's roles in creating interactive groups is to help the participants mix in heterogeneous groups. The importance of working with people of different levels and with different skills, profiles, knowledge, and cultures, should be explained to the participants, as something that will improve learning for all. In this way, when the classes continue to function in interactive groups it will become more and more natural for the participants to ask for help, explain their doubts and mix in groups naturally, especially when they do not know how to do something.

### The volunteers

Volunteers are coordinators of interactions and are in the class to ensure that diversity in the classroom is organised so that everyone reaches the same level of knowledge; asking intentional questions to support reflection and enable everyone to speak or act, for example. They do not act as teachers, they do not explain content and they do not correct activities, so they do not need to have specific prior knowledge about financial competences. What they do is interact with the participants individually and in groups, and inform the teacher about the progress of the task and what they have observed.

It is important to have a volunteer in each group because they are responsible for ensuring that truly dialogical interactions take place. If it is not possible to have volunteers, the teacher is the one who has to ensure that each group self-manages as adults to produce these interactions, although they should always aim to have one volunteer in each group if possible.

### WHO can be a volunteer?

- People from the community
- Relatives of the participants.
- University students.
- Former participants.

### Participants

Participants should know in advance that they have to work together when they do an activity or, if they start doing it individually, the first one that ends should help the rest and all have to share their reflections and conclusions to ensure that everyone understands that task and nobody will be left behind.

### c) After class

After the class, the ideal is that the teacher can meet with the volunteers to share impressions about the development of the class, since they may have observed more details by having the specific function of facilitating the interactions in each group.

#### d) Summary of the role of the teacher, volunteers and participants

#### e) The activities

There are two options: prepare different activities for each group and rotate from one

The role of the teacher	The role of the volunteers	The role of the participants
<ul style="list-style-type: none"> <li>- Plans the class</li> <li>- Coordinates the volunteers</li> <li>- Coordinates the activities developed in class</li> <li>- Interacts with the participants</li> <li>- Facilitates interactions</li> <li>- Ensures dialogic and equal participation of everyone in class</li> <li>- Stimulates cooperation between participants</li> <li>- Facilitates tutoring and mutual help between equals</li> <li>- Corrects the activities with the participants</li> <li>- Solves issues when the participants cannot do it by themselves</li> <li>- Facilitates the participants' self-assessment at the beginning and at the end of the course</li> </ul>	<ul style="list-style-type: none"> <li>- Interact with the participants</li> <li>- Facilitate the interactions between participants/, ensuring that they all:</li> <li>- Understand the activity</li> <li>- Help each other</li> <li>- Finish the activity</li> <li>- Participate equally</li> <li>- Encourage students with different cultures and learning levels to contribute their different points of view</li> <li>- Inform the teacher of the progress they have observed in the class</li> </ul>	<ul style="list-style-type: none"> <li>Work together in heterogeneous groups in order to solve the tasks given by the teacher</li> <li>- Make sure that everyone in the group understands the task and, if not, help one another to solve it together</li> <li>- Participate equally</li> <li>- Help other groups when they have finished their own task, so that they all can finish and understand it</li> <li>- Self-assess their Financial Competences at the beginning and at the end of the course</li> </ul>

activity to another or all groups do the same, at the same time. What is necessary to ensure in both cases is that all the groups have worked on all tasks at the end of the class, because it is a way of ensuring that everyone gets to work on the same content. These activities should be organised to start with what is easiest, to gain confidence and gradually increase in difficulty.

As explained more fully in section 5 of this methodology, there should be an initial assessment at the beginning of the course so that participants can self-assess their initial financial skills, with the help of the teacher. The objective of the activities that are done

in class must be based on the agreements that are made after this initial evaluation - in order to improve the learning of the competences that the participants and the teacher have agreed upon and, together, chosen as the most important for them. Another option is to carry out a participative process with young adults at risk of social exclusion in order to create your own curriculum (for more information about this, you can check out the [EDUFIN Methodology](https://edufinproject.eu/outcomes/methodology/): See <https://edufinproject.eu/outcomes/methodology/>)

Find a practical example of an activity's implementation with interactive groups below:

### Activity 1

The aim of the activity is to help us understand bills:

#### How do we calculate the VAT percentage in our invoices?

Make a list of the 15 products that you use most daily. Once this list is made, calculate which part of what is paid refers to the price and how much of what is paid refers to taxes (you can gather receipts or invoices from your daily purchases). Remember that to calculate the VAT of any product, you will need to learn how to calculate percentages.

**Example 1:** Rachel has bought some shoes for € 36.30 and wants to know what amount she has paid VAT, if this is 21%  $\rightarrow X$

$$121\% \rightarrow 36,30\text{€}$$

$$X = 21 \cdot 36,30 / 121 = 6,30\text{€}$$

$$36,30 - 6,30 = 30\text{€}$$

Rachel has paid € 30 for shoes and € 6.30 for VAT

**Example 2:** Jay wants to buy a jacket and according to the label it costs € 20 plus VAT, which is 21%, and he wants to know how much he will have to pay for the jacket in total.

$$100\% \rightarrow 20\text{€}$$

$$21\% \rightarrow X$$

$$X = 21 \cdot 20 / 100 = 4,20\text{€}$$

$$4,20 + 20 = 24,20\text{€}$$

Jay will have to pay € 24.20 for the jacket (20€) + VAT (4.20€).

### How to develop the activity:

**Before class:** In this case, the teacher would meet with the volunteers before class to explain the activity. It is always best to start from the participants' own experiences, so it would be best to ask them to bring receipts and invoices from their daily expenses to class, before doing this activity. If that's not possible, the teacher can also bring examples of invoices and receipts.

**During class:** They should divide the class into small heterogeneous groups, especially mixing people with different knowledge of mathematics, but also different cultures and ages if possible. Then, the teacher should explain the activity to the class, informing them about the amount of time they have to reach the solution. It is helpful to remind participants about the importance of helping one another, and how that helps them to learn better. Once they start, the volunteer should be attentive to the interactions and ensure that everyone participates, and that the solutions they reach are based on a consensus that everyone understands and agrees on. Finally, when the time is over, the teacher can either collect the activities and correct them to give them back at the following session, or they can correct it all together at the end of the activity. It is also important to discuss together what the participants have learned during the session.

**After class:** The teacher and volunteers meet to evaluate how the session has gone.

## 2.4. Pedagogy: explanation and operation of the different types of activities

FinanceGo is divided into seven major topics that encompass the most important aspects of basic financial education. Some topics have aspects that coincide with or that reinforce each other. In this part of the explanation we will present the different types of activities that are proposed and how to apply them in learning sessions.

### The generating situations

In principle all the sessions which form each topic start from real life situations, either through an event that can happen to everyone (go shopping, ask for a loan, start working ...) or something that will affect us sooner or later (pension plans, for example). Situations may be times when you have to make a decision (give my data, send a CV, etc.) or events that present a situation which might lead to a disagreement or be more complex to solve. The learning is about reflecting on the facts of the situation and the consequences that emerge as we make our decision one way or another. In this way, knowledge about the subject is acquired and improved, new information is sought, the possibilities of different responses are broadened. When working in the group or preparing the sessions, you can ask the people in the group to explain similar situations that they have experienced or know about.

### Texts and documents

The initial 'situation' presented is often complemented by several types of texts. One source is the historical texts that explain the reason behind the case. We think it is interesting to link the current situations of young people with situations that have been experienced throughout history.

Literary texts are also inserted, which help to reflect on and "feel" the subject and sometimes explain more vividly a certain situation, such as Hemingway's phrase "First you borrow; Then you ask for alms." Finally, news related to the topic is suggested. In some cases they are an integral part of the initial situation with which the subject begins. We believe that they have a universal scope, but in each country or group you can contribute facts or news that can complement the ones we propose. We also insert in some cases examples of wages, official texts, and advertisements.

For example:

#### The fisherman and the anchovy

A fisherman took out their net and found an anchovy. She begged him to release her, because she was still small, saying that if he caught her later, he would get more out of it. But the fisherman said: "Well, I would be very stupid if I let the profit that I have in my hand escape in the hope of getting what I cannot see."

This traditional fable by Aesop is suggested for use within the topic related to entrepreneurship. Aesop may seem like a compendium of the most traditional wisdom, but, through a simple anchovy, it can help us to make some interesting reflections on companies, respect for nature, compulsive consumerism, immediate benefit and the possible greater benefit, if we know, for example, how to manage well and how to negotiate in difficult situations, among other issues.

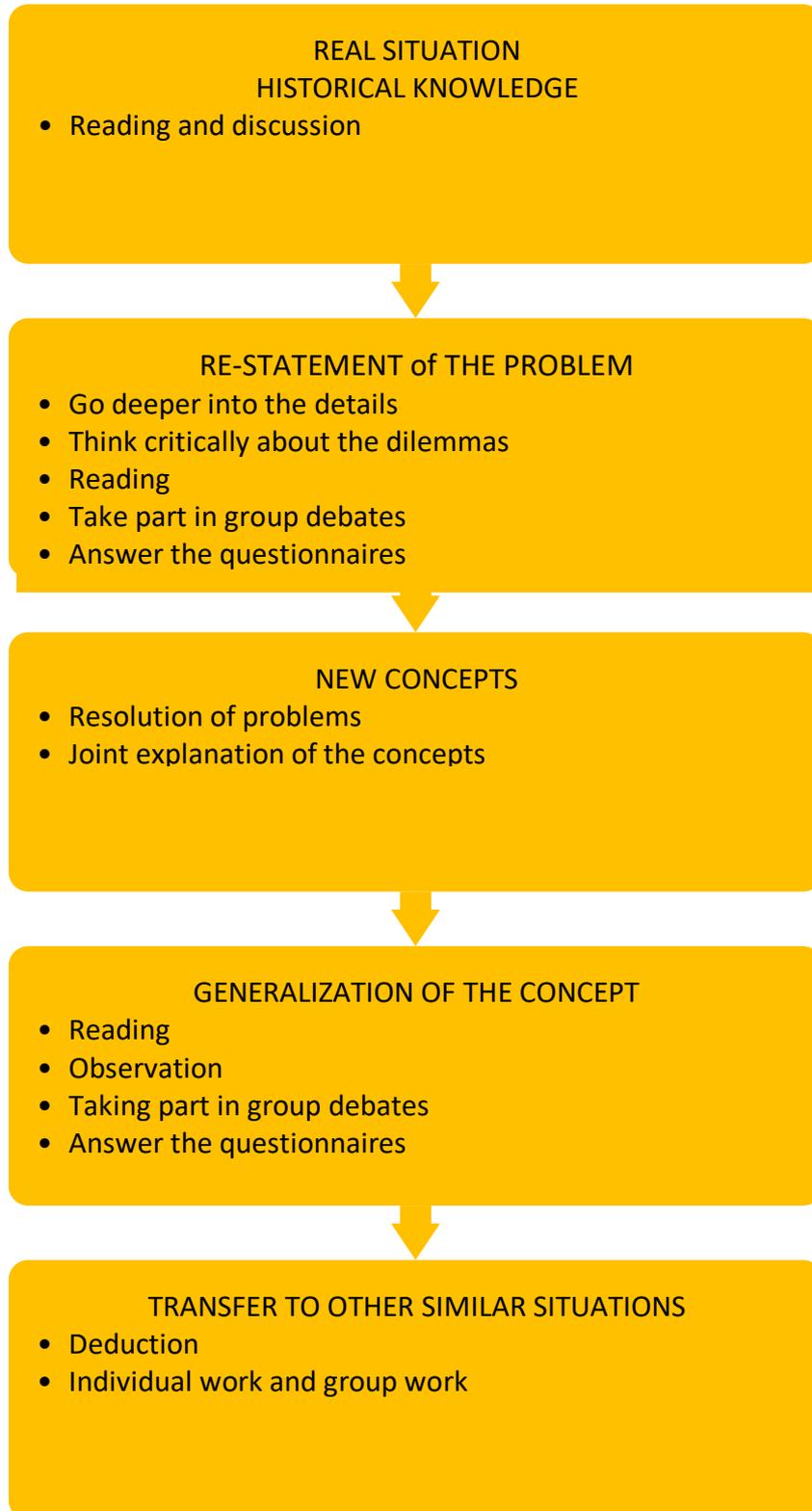
### Information on the subject

In many topics, in addition to a questionnaire, we introduce information needed to support learning and debate.

### Questionnaires

Another part of the work of each session is based on questionnaires, which serve to direct us to understand and further explore the initial situation. They also serve to broaden the topic to similar situations. Finally, various learning activities related to the topic are introduced.

Outline of the learning process:



### 3. Evaluation of financial competences according to the European framework

The evaluation focuses on two aspects:

- a) Evaluation of the group and the functioning of the classes. It consists of evaluating and suggesting improvements for the activities and the course. It must be a dialogical evaluation, in which the teacher and the volunteers encourage participation so that the protagonists are the participants. To do this, there must be specific spaces designated for the group to evaluate the course, and the teacher must take advantage of this moment to collect the group's suggestions and thus improve the activities.
- b) Evaluation of the learner and the learning process. In the space designated for the evaluation of the course, it is also a good time for each participant to self-evaluate their own progress. In this way, you can reflect on what you have achieved and set new goals. A starting point for each course is to decide which financial skills the group would prioritise for development. This must be an agreement based on the needs and expectations of the participants and the support of the teacher. In this sense, the group can also carry out its own participatory process to decide what its financial education curriculum should include.

#### 3.1. Initial evaluation

The initial evaluation should not be done only by the teacher. In order to evaluate the starting point of the level of financial competences of the participants, the teacher and the volunteers have to support the participants to carry out self-assessments using financial education competences. In this guide, the financial competences proposed by the International Financial Education Network of the OECD (OECD / INFE, 2016) have been taken as reference for skills widely considered relevant for improving the financial well-being of young adults on a day-to-day basis. These financial competencies include what young adults should be able to do and the behaviours that could help them achieve financial well-being, in addition to the attitudes and confidence needed.

The financial competences outlined by the OECD are in four sections:

- Money and transactions
- Planning and managing finances
- Risk and reward
- Financial landscape

At the beginning each topic of the FinanceGO guide, you will find a table of the core competencies that the suggested activities aim to achieve. These competences can be discussed with the participants, for them to share what level they believe they have in each aspect. This self-assessment should be guided by the principles of dialogic learning; giving participants the opportunity to discuss and reach an agreement on the level they

believe best represents their financial skills. In addition, to assist in the process, it is important that the teacher supports the group by simplifying concepts that may be confusing, and using concrete examples for each competence and level. You can also encourage participants to give examples that they can understand.

After this, based on the needs shown by the questionnaire results and the topics the young adult participants are interested in, you can decide together what financial topics to focus on. Once the group agrees on the skills to develop as a result of the negotiation in which all the participants were able to give their opinions with the teacher's support, it will already be possible to explain which activities will best support the students to learn these skills.

### **3.2. Continuous assessment and evaluation**

The assessment of skills acquired by the participants requires a dialogical process. This can be done, for example, by having participants present what they have learned to the group, obtaining feedback from classmates and the teacher. It can also be done in small groups, discussing the skills acquired and brainstorming future possible improvements. It is also useful to save some time at the end of the class to evaluate together with the participants how the course is going. This will help us address problems that may arise and improve the classes as the course goes on. As stated before, the process should also be continuously evaluated together with the volunteers.

### **3.3. Final evaluation**

The teachers and volunteers of the course meet to make an evaluation of the course and an assessment of the participants. From this evaluation, a feedback must be given to the participants at the time of the dialogue-based evaluation.

The Financial Competences table based on the OECD framework that were used for the initial evaluation should be discussed again with the participants at the end of the course. They should self-assess their level once again, so that they can appreciate the improvements and, in addition, the teachers will have a tool to compare the initial level of the group and see if it has improved the learners' competences, if anything in the course should be changed, as well as what should be maintained because it has obtained good results.

Finally, it is also important that, when the participants self-assess their financial competences and share how they feel about it, they also discuss together with the teachers and volunteers about what worked best during the course and what should be improved.

## 4. Curriculum

The development of the sessions is based on the EDU-FIN Curriculum on financial education for young adults at risk of social exclusion (see EDU-FIN website for more information: <https://edufinproject.eu/outcomes/curriculum/>)

Curriculum Area	Topics and Young Adults Key Questions
<p><b>Handling Money</b></p> <p>“It’s very important for me and my family to know how to save money and how to organize my family budget”</p>	<p><b>d) Personal budget:</b>  <i>How much money do you need for living?</i>  <i>How do I live the best with the Money I have?</i>  <i>I want to be independent, How do I do it?</i>  <i>How do I pay a flat? (Payments, receipts, rent, mortgage)</i></p> <p><b>e) Day-to-day household budgeting:</b>  <i>How to do informed decisions?</i></p> <p><b>f) Understanding and paying bills:</b>  <i>I want to know what I’m paying with my money.</i>  <i>What and why we pay?</i>  <i>What are we charged on an invoice? (VAT, taxes ...)</i></p>
<p><b>Consumer Rights</b></p> <p>“Now I have some more ideas about how to compare the prices and I think that this can be very useful”</p>	<p><b>a) Understanding consumer rights:</b>  <i>Can we trust the system?</i>  <i>What are my rights as a consumer?</i>  <i>For what It serves me?</i></p> <p><b>b) Sales Contracts:</b>  <i>How do I know what I'm really signing?</i></p> <p><b>c) Comparing prices:</b>  <i>This is a good way to save money?</i>  <i>It's a good way to save?</i>  <i>What tools do we have?</i></p>
<p><b>Work and Welfare</b></p> <p>“I want to know taxes I pay when I have a job, and the benefit I can have too”</p>	<p><b>a) Salaries:</b>  <i>Why what they offer is not what I get?</i>  <i>What kind of contracts exists?</i>  <i>What we signed?</i></p> <p><b>b) Deductions:</b>  <i>What are they and were does money goes?</i></p> <p><b>c) Pay slips:</b>  <i>Why I need them?</i>  <i>Should we ask for it?</i>  <i>Are they important?</i>  <i>What are they for?</i></p> <p><b>d) Welfare rights (benefits):</b>  <i>Do I have benefits?</i>  <i>I can benefit?</i>  <i>If I already have benefits, until when I can have them?</i></p> <p><b>e) Pensions:</b>  <i>If I still not working, what I’m going to do when I get old?</i>  <i>Or I already receive a pension, how long they will give it to me?</i>  <i>How many years should I work?</i>  <i>I can only ask the pension when I grow up?</i>  <i>There are only old-age pensions?</i></p>

<p><b>Banking</b>          “I don’t have much money and it’s very important to know how to save them”</p>	<p><b>a) Banking system:</b>  <i>How the banks work?</i>  <i>How the banking system works?</i></p> <p><b>b) Ethical banking:</b>  <i>What it’s an Ethical Bank?</i>  <i>What’s the difference with a regular bank?</i>  <i>Is it really better?</i></p> <p><b>c) Current or Savings accounts:</b>  <i>Which one I need?</i>  <i>I can have my money?</i>  <i>What differences are there?</i>  <i>Advantages and disadvantages of each one.</i></p> <p><b>d) Using ATMs:</b>  <i>Everybody needs to know how to use it?</i>  <i>Security Problems? What safety measures must be taken to use an ATM?</i>  <i>What kind of accounts I have?</i></p> <p><b>e) Using debit and credit cards:</b>  <i>Why I can’t just use my money?</i>  <i>What card do I need, what can I use?</i>  <i>What are the differences between credit and debit?</i></p> <p><b>f) Payment systems:</b>  <i>What kind of different payment methods exists?</i></p> <p><b>g) Insurance:</b>  <i>What types of insurance are in the financial world?</i></p> <p><b>h) Bank operations – cards and ATM-s:</b>  <i>How do I do it step by step?</i></p>
<p><b>Borrowing and debt</b>          “If I have known more about financial literacy, maybe some mistakes could be avoided”</p>	<p><b>a) Credit and debt</b></p> <p><b>b) Overdrafts</b>  <i>What is an overdraft?</i>  <i>If we do not cover it up?</i></p> <p><b>c) Loans and sources of loans</b>  <i>What means a loan?</i>  <i>It involves interests?</i>  <i>When it is secure to ask for one?</i></p> <p><b>d) Mortgages</b>  <i>What leads a mortgage?</i>  <i>What are the advantages and disadvantages?</i></p>
<p><b>Behaviour and attitudes</b>          “I want to do well with my money”</p>	<p><b>a) Personal choices (needs versus wants)</b>  <i>To choose well between what I need versus what I want can be very hard. How can I make the right decision?</i></p> <p><b>b) Ethics relating to money</b>  <i>Always buying cheap stuff means that someone is having a bad salary?</i></p> <p><b>c) Sustainable consumption</b>  <i>This is very new, how can I do it?</i>  <i>How it works and how benefits me?</i></p> <p><b>d) Internet security and fraud prevention</b>  <i>What are the safe measures we need to avoid being involve in a fraud?</i>  <i>How do I recognize an Internet fraud?</i></p>
<p><b>Business and enterprise</b>          “During this period of crisis I think it’s very important to know</p>	<p><b>a) Money in business and enterprise</b>  <i>Can we have access to money for our ideas?</i>  <i>Its business for us too?</i></p> <p><b>b) Business transactions</b></p>

how to handle money as well as to invest them”

*Works the same for people and companies?*

*How do we get information to make good decisions?*

**c) Accounting**

*It's this important?*

*How can we apply this in everyday life?*

**d) Money and the law**

*How I make good decisions?*

*What happens with the small things we do that are not in the law, not to pay for metro/bus ticket for example?*

*Can we get in troubles?*

## Definitions

**ATM:** Automated teller machine – a computerised machine that allows bank customers to get information on their bank account, withdraw money or sometimes top up their phone in a public place, without dealing with another person.

**Credit card:** A plastic card that lets a person buy something 'on credit' and pay for it later.

**Debit card:** A plastic card that can be used instead of cash to pay for goods and services, or to withdraw money from an ATM.

**Budget:** A plan of spending over a certain length of time, based on how much money a person has.

**Pension deduction:** An amount that an employer takes straight from an employee's pay and uses to pay into a pension plan, shown on an employee's pay slip.

**Pension benefits:** Payments and lump sums that a person receives from their private pension.

**Current account:** A bank or building society account that lets a person keep their money secure, but still write cheques and use an ATM card to get Money.

**Insurance:** A contract between a person and a company to buy a plan that covers them against loss or damage, for example to a car, a home or their Health.

**Credit:** Money that a bank, building society or a credit card company has lent a person to buy goods or services

**Debt:** Money owed to another person or to a company.

**Overdraft:** A facility from a bank or building society that lets a person access more money than they have in their account, for a charge.

**Loan:** Delivery of an amount of money to a person who has the obligation to return it under the conditions and with the agreed interest. As usual, the return is made by instalments, consisting of capital (borrowed money) and interests.

**Mortgage:** A loan to buy a property; if it is not paid back, the lending agency can take over the property.

**Fund:** Money set aside for some purpose.

**Transaction:** Any payment into or out of a person or company's account.

**Account:** A record of spending and income, provided by a bank, post office or building society.

# Topic 1: MANAGING MONEY

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## Sections

- Personal Budget
- Daily Household Budget
- Understand and Pay Bills

## Topic 1: MANAGING MONEY

### Subtopic 1: Personal Budget

**Focus of this part:**

- ✓ How much money do you need to live on?
- ✓ How can I get the most out of the money I have?
- ✓ I want to become independent, how do I do it?
- ✓ How do I pay for housing? (payments, receipts, rent, mortgage)

**What will we learn?**

	a) awareness, knowledge and understanding	b) skills and behaviour	c) confidence, motivation and attitudes
<b>Financial Competences</b>	<b>PLANNING AND MANAGEMENT OF FINANCES (B. I, Budget)</b>		
	<b>Underpinning competencies</b>		
	<ul style="list-style-type: none"> <li>✓ Knows                             <ul style="list-style-type: none"> <li>-What a budget is</li> <li>-How to create a budget</li> <li>-How to calculate how much money is available to save and spend</li> </ul> </li> <li>✓ Understands                             <ul style="list-style-type: none"> <li>- why it is beneficial to create and follow a budget.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>✓ Creates a regular budget (in discussion with others if relevant), using the appropriate tools if available</li> <li>✓ Uses a budget to plan income, saving and expenditure</li> </ul>	<ul style="list-style-type: none"> <li>✓ Motivated to take time to create and follow a budget as a strategy to maintaining or increasing financial well-being</li> </ul>

<b>Core competencies</b>		
<ul style="list-style-type: none"> <li>✓ Knows how to monitor income and expenses</li> <li>✓ Aware that when using a formal financial product, transactions may have occurred since a paper-based or electronic financial statement was prepared</li> </ul>	<ul style="list-style-type: none"> <li>✓ Takes into account regular, irregular and changing income and commitments when creating a budget</li> <li>✓ Takes steps to follow a budget</li> <li>✓ Tracks expenses and expenditure as part of the budgeting process</li> <li>✓ Compares actual expenses against budgeted amounts and makes adjustments where necessary</li> <li>✓ Makes budget adjustments in the face of an unexpected expense or unexpected reduction in income</li> </ul>	<ul style="list-style-type: none"> <li>✓ Motivated to consider the overall budget when making spending decisions</li> </ul>
<ul style="list-style-type: none"> <li>✓ Knows how to                             <ul style="list-style-type: none"> <li>-incorporate occasional expenses such as gifts, donations or holidays into a budget and allowance for discretionary spending when feasible</li> <li>-make adjustments to a budget when necessary</li> </ul> </li> <li>✓ Understands why it is important to take into account the medium and longer-term perspectives when budgeting</li> </ul>	<ul style="list-style-type: none"> <li>✓ Identifies “needs” and “wants” and priorities as necessary</li> <li>✓ Reassesses a budget when a shortfall is anticipated or forecast</li> </ul>	<ul style="list-style-type: none"> <li>✓ Motivated to look beyond immediate needs and wants when budgeting to prepare for longer-term requirements</li> <li>✓ Confident to adjust a budget if necessary</li> </ul>
<b>FINANCIAL LANDSCAPE (D. VII. EXTERNAL INFLUENCES)</b>		
<b>Underpinning competencies</b>		
<ul style="list-style-type: none"> <li>✓ Understands how economic factors, such as recession or high inflation, can affect aspects of personal financial status and wealth</li> </ul>	<ul style="list-style-type: none"> <li>✓ Follows news of events that may impact on personal financial security or well-being</li> </ul>	<ul style="list-style-type: none"> <li>✓ Confident to make changes to financial plans as necessary in light of external factors</li> </ul>
<b>Core competencies</b>		
<ul style="list-style-type: none"> <li>✓ Understands that changes to policies on issues such as state benefits, pension reforms or employment laws can have an impact on personal financial decisions and plans</li> <li>✓ Knows which are the main bodies with an influence on the national economic and financial system</li> </ul>		

**SAVE WITH KAKEIBO**

Saving and the management of household finances have always been a subject of great interest for many people. However, we do not always have enough information on how to save or manage money in the best way and achieve our financial goals in the short, medium and long term.

In 1904, Motoko Hani, the first Japanese female journalist and founder of the oldest women's magazine in that country, *La Compañera de la Mujer*, designed the Kakeibo method "the book of accounts for domestic savings". Kakeibo is a simple but powerful financial management book that allows you to keep track of expenses and plan each of them monthly. This method only requires discipline in making records and a willingness to do what is planned.

Its function is: At the beginning of the month, you must write the budget you have; then, week by week, it is necessary to write down all the expenses in four categories: survival, culture, optional and extra. "Survival" refers to what is necessary to live: housing, transportation, food and medical expenses. "Cultural" has to do with entertainment and family life. In "optional" items such as clothing, accessories or a visit to a restaurant, pub or disco come. And in "extra" it is necessary to visualise the unexpected expenses.

Motoko Hani designed this system with the aim of helping women to better organize their finances, improve the domestic economy and generate savings. Currently, a Japanese financial blogger says that this method helps save up to 35% on what was spent in the month, which sounds quite attractive: Caribbean vacations, the electric car of my dreams ... I will definitely start to follow the Hani's advice.

Source: Ocampo Castillo, M. (2018, March 3). Save with Kakeibo. Feminist Diary. Retrieved from: <https://eldiariofeminista.info/2018/03/03/ahorrar-con-kakeibo/>

**HISTORY: First budget. Income and expenses**

A budget is the economic planning needed to meet a goal in a certain time. Know the available resources and those that you will have to be able to carry out an activity. For this reason, the creation of a budget is closely related to the origin of human activity, either to ensure our own survival, planning the availability of food, or for the achievement of an infrastructure, such as a habitat.

As societies grew and became more complex, economic planning became more necessary. In ancient Egypt and Mesopotamia, where the first civilizations arose, we find the first examples of great economic planning to build large buildings and infrastructures. To build the pyramids, for example, it was necessary to calculate the amount of resources, how much material was necessary ...

**Activities****Activity1****The personal budget with Kakeibo – Part I**

We encourage you to create your own budget following the Kakeibo method as a mechanism so you can understand and control your monthly expenses, recognise where you are investing more money and be able to reflect on whether those expenses are necessary or not.

## How does it work?

The screenshot shows the Kakeibo 2019 English interface. On the left is a menu with categories: Income (Wages 1, Wages 2, Extra Income), Expenses (Budget, Required, Discretionary, Special, Excluded), Monthly Outflow, Annual Balance, Payment (Credit Card, Credit Reconcile, Bank Account), and Setup (Category, Required Expenses, Income, Bank Account, Credit Card). The main area displays a spreadsheet for April, comparing Budget and Actual values across various categories.

	Required		Discretionary			Total
	Fixed	Variable	Living	Giving	Family	
<b>Difference</b>	0.00	23.53	-34.93	0.00	65.00	53.60
<b>Budget</b>	1,350.00	250.00	1,000.00	100.00	200.00	2,900.00
<b>Actual</b>	1,350.00	226.47	1,034.93	100.00	135.00	2,846.40
<b>Housing</b>						
Mortgage	850.00	0.00				850.00
Maintenance Fee	150.00	0.00				150.00
	0.00	0.00				0.00
<b>Total</b>	<b>1,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,000.00</b>
<b>Utilities</b>						
Electricity	0.00	47.30				47.30
Gas	0.00	49.32				49.32
Water	0.00	57.34				57.34
<b>Total</b>	<b>0.00</b>	<b>153.96</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>153.96</b>
<b>Communication</b>						
Internet	25.00	0.00				25.00
Phones	0.00	72.51				72.51
	0.00	0.00				0.00
<b>Total</b>	<b>25.00</b>	<b>72.51</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>97.51</b>
<b>Financial</b>						
Life Insurance	100.00	0.00				100.00
Life Insurance (Aflac)	25.00	0.00				25.00
	0.00	0.00				0.00
<b>Total</b>	<b>125.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>125.00</b>
<b>Food</b>						
Staple Food	0.00	0.00	54.50	0.00	0.00	54.50
Groceries	50.00	0.00	262.80	0.00	0.00	312.80
Dining out	0.00	0.00	195.00	0.00	0.00	195.00
<b>Total</b>	<b>50.00</b>	<b>0.00</b>	<b>512.30</b>	<b>0.00</b>	<b>0.00</b>	<b>562.30</b>
<b>Consumer Durables</b>						
Consumer Durables	0.00	0.00	0.00	0.00	0.00	0.00
<b>Household Supplies</b>						
Household Supplies	0.00	0.00	77.13	0.00	0.00	77.13
<b>Education</b>						
Education	0.00	0.00	120.00	0.00	0.00	120.00
<b>Transportation</b>						
Transportation	0.00	0.00	100.00	0.00	0.00	100.00
<b>Medical</b>						
Medical	0.00	0.00	68.00	0.00	0.00	68.00
<b>Beauty</b>						
Beauty	50.00	0.00	79.50	0.00	0.00	129.50
<b>Clothing</b>						
Clothing	0.00	0.00	78.00	0.00	0.00	78.00

Image 1: Etsy. (2019). Kakeibo 2019 (English) - Family budget for 2019 with Excel spreadsheet: <https://www.etsy.com/mx/listing/651462158/kakeibo-2019-english-family-budget-for>

1. Start by entering the fixed income (for example, the amount of your wages or the payment you could receive) and also the fixed expenses (for example, mortgage, rent, electricity bill, water, gas, telephone and internet, etc.) at the beginning of the month. The difference will show you how much money you have available for the rest of the month.

2. Also note the goal you have for saving that month. You should try to do everything possible to not change it in the month, despite the weekly expenses.

3. Register your monthly expenses in the following categories:

**Survival:** They are the fixed, basic expenses to be able to live. For example, expenses for food, transportation, rent, hygiene products, etc.

**Optional:** expenses that could be omitted but that also occur, for leisure and social life. For example, going for a drink with friends, eating out, buying clothes, tobacco, etc.

**Culture:** refers to the expenses derived from the taking part in cultural activities such as going to the cinema, buying a book, acquiring music, doing an extracurricular activity, visiting a museum, etc.

**Extra:** unexpected expenses, for example, a birthday gift or a month you break your mobile or another product and you have to pay for the repair or buy a new one.

4. At the end of the month (and the year) it calculates: the expenses incurred during the month, the difference between the initial budget and the total monthly expenses, the monthly savings. Once these operations are completed, it enables you to reflect:

- ✓ How much money do I have at the beginning of the month?
- ✓ How much money have I saved?
- ✓ How much money am I spending every month?
- ✓ What am I spending my money on mainly?
- ✓ Is it necessary to have each and every expense?
- ✓ Is there any expense I could control to improve my savings?

**Activity 2:**

**The personal budget with Kakeibo – Part II**

Below you will find a budget of income and expenses that has been made following the Kakeibo method.

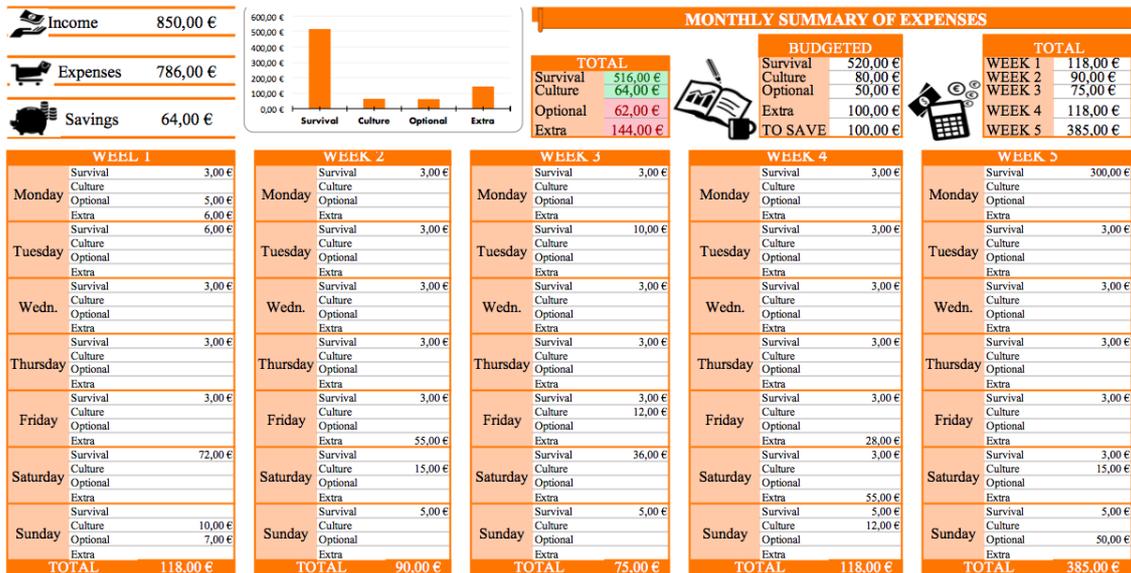


Image 2: Melo (2017, April 4). Kakeibo, the art of saving. Retrieved from: <https://monininja.com/kakeibo-art-saving/>

Answer the following questions:

- How much money was available at the beginning of the month?
- What have been the main expenses incurred throughout the month? Analyse the expenses following the categories of the Kakeibo method: what expenses correspond to survival expenses? What goes to optionals and culture? What expenses are the "extras"?
- In your opinion, do you consider the expense of the example excessive or adequate? Give reasons for your answers.
- How much money has been saved?
- If the saving of the month of January was the same for the rest of the months of the year, how much money would be saved? In what would you invest that money?

**Activity 3:****The personal budget with Kakeibo – Part III**

At the end of activities 1 and 2 on the Kakeibo method, you can reflect on it by answering the following questions:

- What do you think about this method of saving?
- Would you use it to reduce your expenses?
- What pros and cons do you see?

**Activity 4:****The personal budget and mobile technology**

Nowadays mobile technology is also a great ally that helps us to establish both our monthly budget and the control of expenses. There are numerous free mobile Applications for Android and IOS that we can download and install and that are intended to guide us in this task. Between them:

- **FINTONIC:** <https://www.fintonic.com/es-ES/inicio/>  
Awarded by Google, this free application allows you to maintain control over the money that enters and leaves your checking account. It allows entering the data of several accounts even if they are from different entities. One of the strengths of the app are the balances, since they let you know what you are spending the money on and if you are producing more expenses than expected. Fintonic does not sell the data of its customers to third parties and also allows you to protect them with a password.
- **MINT:** <https://itunes.apple.com/us/app/mint-personal-finance-money/id300238550?mt=8>  
More than 127,000 people use it now. Mint allows you to automatically catalog your expenses, make alternative budgets and add reminders so you do not forget any payment. It also allows you to have control over investments and an alert option. In addition, it is free.
- **MONEY PRO:** <http://ibearmoney.com/es/pro/overview-mac.html>  
Reduce expenses, pay bills, manage the finances of different groups such as personal family and company separately or attach photos and important information is what this app that has more than 10 thousand downloads allows you.
- **WALLY +:** <http://wally.me/>  
A free app very similar to the others that, as a novelty, incorporates a location system that lets you know exactly where you have paid for a product or service.
- **SPLITWISE:** <https://www.splitwise.com/>

If you have a cost-sharing account, this is your app. It allows to create groups in which each user registers the expense he has made. The application calculates how much each participant must pay. One of the options offered by Splitwise is to export the information of each group in a spreadsheet in order to share it by email with people who are not registered in the app but are included in the common expenses.

- APPS THAT THE BANK OWN

Many are the entities that have joined the technological revolution and offer their own apps that, like the previous ones, allow their clients to check their balance.

We encourage you to choose and download a mobile application from the list to see how it works and what are the pros and cons of using it.

## Subtopic 2: Everyday Household Budget

<b>Focus of this part:</b>
✓ How do I make informed decisions about money?

### What will we learn?

<b>Financial Competences</b>	a) awareness, knowledge and understanding	b) skills and behaviour	c) confidence, motivation and attitudes
	PLANNING AND FINANCE MANAGEMENT (B. I, BUDGETING)		
	Underpinning competencies		
	Understands why it is important to actively manage money and not just monitor revenue and expenses	<p>Calculates or take note of net income</p> <p>Distinguishes between fixed and variable expenses</p> <p>Treats essential spending as a higher priority than discretionary spending</p> <p>Controls revenue and expenses and makes adjustments when necessary</p>	<p>Confident in</p> <p>Make independent decisions about income and expenses</p> <p>Establish personal priorities in terms of essential and discretionary spending</p>
	Core competencies		
	<p>Knows how to monitor income and expenses</p> <p>Aware that when using a formal financial product, transactions may have occurred since a paper-based or electronic financial statement was prepared</p>	<p>Takes into account regular, irregular and changing income and commitments when creating a budget</p> <p>Takes steps to follow a budget.</p> <p>Tracks expenses and expenditure as part of the budgeting process</p> <p>Compares actual expenses against budgeted amounts and makes adjustments where necessary</p> <p>Makes budget adjustments in the face of an unexpected expense or unexpected reduction in income</p>	<p>Motivated to consider the overall budget when making spending decisions</p>

	<p>Knows how to</p> <ul style="list-style-type: none"><li>incorporate occasional expenses such as gifts, donations or holidays into a budget and allowance for discretionary spending when feasible</li><li>make adjustments to a budget when necessary</li></ul> <p>Understands why it is important to take into account the medium and longer-term perspectives when budgeting</p>	<p>Identifies “needs” and “wants” and priorities as necessary</p> <p>Reassesses a budget when a shortfall is anticipated or forecast</p>	<p>Motivated to look beyond immediate needs and wants when budgeting to prepare for longer-term requirements</p> <p>Confident to adjust a budget if necessary</p>
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## Texts

### Text 1

Javier Lopez, a 30 year old man, supervises luggage at Barajas airport in Madrid. He has a contract of 2 to 8 hours. In summer, the interns train 3 months without pay learning how to move the suitcases.

Mr. López is one of the lucky ones: he has a full-time job with a subcontractor at the airport and earns € 1,000 a month. But his salary does not cover his rent of € 800 and other expenses, since his wife, a stewardess of an airline, is on maternity leave. So Mr. Lopez has started a training for a second job as one of the part-time baggage handlers he oversees.

"When I finish my shift supervising these people," he said, "I'll become one of them."

*Source: Alderman, L. (2019), New York Times*

### Text 2

"Young people face greater obstacles. For the first time, a generation of young Europeans cannot imagine living the middle class life of their parents. They face a shortage of stable jobs and the increase of temporary and part-time contracts that divide work into weeks, days and hours.

When used as intended, to offer experience, these contracts can lead to a stable job and better income.

But companies and the public sector in Europe have used them mainly to circumvent the protections of permanent employees. In Spain, for example, 90 percent of new jobs in 2017 were temporary; one third lasted less than a week, according to Caritas, a social support organization "

Source: Alderman, L. (2019, February 14). Europe's Middle Class Is Shrinking. Spain Bears Much of the Pain. New York Times. Retrieved from: <https://www.nytimes.com/2019/02/14/business/spain-europe-middle-class.html>

## Activities

### Activity 1

#### The family budget – Reflection and discussion

After knowing the situation of Javier and many young people in Europe, you can reflect on it by answering the following questions, with the aim of reflecting on what to do when income and expenses are not always stable, and on what basis you can have a family budget:

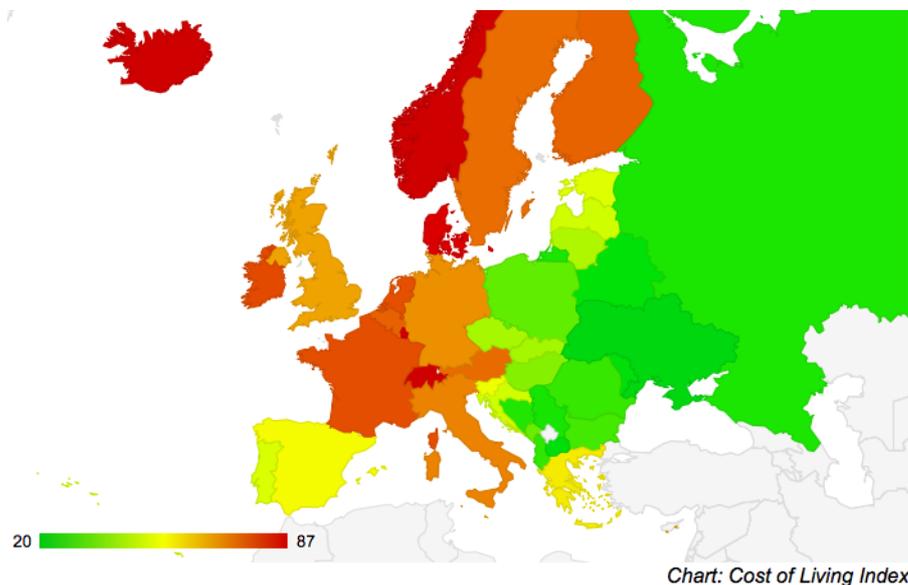
Why do you think that the article says that Javier is "one of the lucky ones? Do you agree? Why?

- In the article it is said that, in Spain, one third of the contracts lasted less than a week in 2017. What happens when there is no stable income, but there are monthly expenses such as the 800 € rent that Javier has to pay each month?
- Can we plan for situations in which our income will be reduced or our expenses increased during the year?
- What positives and negatives do you think are involved by doing training or work for which a low salary is paid or that are not remunerated, short. medium and long term?

### Activity 2:

#### The cost of living vs salary

##### Index of the cost of living in Europe(2019)



Source: Numbeo (2019). Europe: Cost of Living Index by Country 2019. Retrieved from: [https://www.numbeo.com/cost-of-living/rankings\\_by\\_country.jsp?title=2019&region=150](https://www.numbeo.com/cost-of-living/rankings_by_country.jsp?title=2019&region=150)

As seen in the previous map, the cost of living in Norway is not the same as living in Bulgaria. On the other hand, wages are probably not the same in one country and in another. In addition, even within the same country the cost of living is different depending on whether you live in a large city, in a small town or in a rural area. For this reason it is important to know what are the living conditions in our country, and especially in our town or city. For this, we are going to do some research:

- Look for information that refers to the cost of living in your country and, later, in your city. This will help you to have an idea about the money that is needed to live in your environment. You can search, for example: the average rental cost, the approximate monthly cost of utilities such as electricity, water and gas, the cost of education (for example, how much it costs to go to college), taxes, and any other costs.
- It is also important to know what the minimum professional salary and the average salary are, in order to be able to match the cost of living with the income.

You can use different resources such as newspaper articles, audiovisuals, news, websites of the government of your country and the local governments of your city, European Union websites, etc. Some examples of useful resources are:

- Eurostat. It is a page of the European Union that contains comparative data from different countries, and has a section on comparative prices of goods and services [https://ec.europa.eu/eurostat/statistics-explained/index.php/Comparative\\_price\\_levels\\_of\\_consumer\\_goods\\_and\\_services](https://ec.europa.eu/eurostat/statistics-explained/index.php/Comparative_price_levels_of_consumer_goods_and_services)
- Independent databases in which users can contribute by entering updated data, such as Numbeo, cited by many international media such as BBC, Time, The Week, Forbes, etc. You can find information about the cost of living by country and by city, the price of having a property, the quality of life, the average salary, etc. <https://www.numbeo.com/cost-of-living/>

Finally, with the information you have found, answer the following questions:

- How much does a house / flat rent or purchase cost?
- Salaries?
- Cost of an average shopping basket?
- Cost of other products: books, movies, gym, theatre, or other expenditure.?

### Text 3

María is 27 years old, and is currently studying for a master's degree at the university, which costs € 250 per month for 7 months, since she can pay it in installments. At this moment he has a job of 25 hours a week, for which she earns 900 € per month. She currently lives with her parents, but would like to have a space for herself, so she is considering the possibility of becoming independent.

### Activity 3

Like Maria, many young people want to become independent or live alone, but it is not always easy to decide what to do; Is it better to buy a flat, rent, or explore other options? What other options are there? How can you access them?

To find out, we are going to investigate what you would need in this case to a) be able to become independent or b) move to another house in case you are already independent.

a) First of all, taking into account the different systems of access to housing in each country, investigate which ones exist in your country and in your city: Rent, Mortgage, Social housing. You can find information in:

- Official pages of the administration of your country or city.
- Social movements, such as unions or platforms, that are dedicated to housing issues such as rent.
- Media.

b) When you have the information, you can ask the following questions:

- Under your conditions, what is better: share, rent, buy?
- What do these options entail?

c) Once you have decided which is the best option, make a list of the expenses that would be: the cost of the rent or the mortgage, if it is necessary to buy furniture or appliances, if it is necessary to hire a moving service, etc.

c) Using the Kakeibo method that you have already learned when making the personal budget (section 1), calculate the expenses and income that you should have next year. Taking into account the cost that would be independent (or change floor), is it possible to do it this year? If yes, what would be the best month?

## Text 4

### **PARTICIPATORY BUDGET OF PUERTO ALEGRE**

In this system, called Participatory Budgeting, not only the municipal government authorities and their officials participate, deciding on the collection of taxes and the spending of public funds, enclosed in their offices. It is the population, through a process of debates and consultations, who determines and decides the amount of income and expenses, as well as where and when to make the investments, what are the priorities and what are the plans and actions that should lead out the Government.

The Participatory Budget has shown that the transparent and democratic administration of resources is the only way to avoid corruption and the waste of public funds. Popular participation has shown that spending is effective and effective where it has to be, and that the achievements made in public works and other areas are important for the population. Since its inception, projects decided through the Participatory Budget, involve investments of over 700 million dollars, mainly in urban infrastructure and in improving the standard of living of the population.

The Participatory Budget has also shown that the intention to have effective participation mechanisms and the commitment of the Government to do what the population has decided is essential to break the chains and bureaucratic barriers that separate society from the State, and to form an active and mobilized citizenship. Today, in Porto Alegre, citizens know public issues and decide about them, thus becoming, themselves, the protagonists of their own future.

The Participatory Budget is known by 60% of the population, according to a public opinion study, and millions of people actively participate in the process, attending meetings, regional conventions, or assemblies to discuss specific issues.

## Activity 4

### The budget of a city

After reading this text, you can reflect on it with the help of the following questions:

- What do you think about this idea?
- What pros and cons do you see in the idea of participatory budgets?
- Do you think participatory budgeting is something that could be implemented in any community?
- What awareness-raising process do you think all people should do to make it feasible?

Now imagine that in your community the municipality tells you that 60,000 euros can be allocated and among all of them you have to decide on what (you do not have to spend it all, you can save for unexpected future expenses):

- How would you start this participatory budgeting process?
- How would the allocation of the budget be organised / prioritised? That is, what would you base your decision on to determine whether it is more urgent to allocate X money to one thing and not to another?
- Would you put some kind of limit on the expenditure?
- How would you enable the maximum number of people in the community to participate?
- Why do you think participatory budgets are important?
- Do you think corruption would increase or decrease in this way?
- Do you think that in this way the money would be better distributed and allocated in the community? Why?

### Subtopic 3: Understand and Pay Bills

<b>Focus of this part:</b>
<ul style="list-style-type: none"> <li>✓ <b>I want to know what I pay for with my money</b></li> <li>✓ <b>What and why do we pay for?</b></li> <li>✓ <b>What is charged for on an invoice? (VAT, taxes ...)</b></li> </ul>

### What will we learn?

	a) awareness, knowledge and understanding	b) skills and behaviour	c) confidence, motivation and attitudes
	MONEY AND TRANSACTIONS (A. III, PAYMENTS, PRICES AND PURCHASES)		
	Underpinning competencies		
<b>Financial Competences</b>	<p>Knows how to calculate and interpret meaningful unit prices of purchases, where relevant that the same goods or services may be priced differently by different vendors, at different times or in different locations that there are often substitutes for products [in some case including second-hand ones] and services that may cost less than the one originally identified</p>	<p>Compares the price of similar goods from different providers when practical</p> <p>Seeks to buy goods and services at a fair price</p>	<p>Confident to negotiate a fair price say no to a sales offer that is unsatisfactory or unwanted</p>
	Core competencies		
	<p>Knows how to assess the potential risk and benefits of different payment methods</p> <p>Aware that some methods of payment are a form of borrowing and understands how this will affect the overall price paid different types of transaction have different implications for cash-flow</p> <p>Recognises opportunities for making transactions using relevant technology</p>	<p>Uses an appropriate method for making payments, taking into account the overall cost of the method chosen</p>	

	<p>Understands that mistakes can be made when making payments and purchases, and knows how to spot them on invoices, bills and receipts</p> <p>Knows that some receipts should be kept as evidence of a purchase</p>	<p>Checks payment details, receipts and change invoices and bills where relevant Requests a receipt if not provided</p> <p>Keeps receipts and other relevant documents related to important purchases</p> <p>Keeps track of all money paid out or spent</p>	<p>Confident to double check when it appears that a mistake has been made with a payment or purchase</p>
	<p>Recognises that adverts, special offers and the media can have a powerful impact on the perceived desirability of particular purchases</p> <p>Understands that money spent on one thing is not available for something else [the concept of opportunity cost]</p>	<p>Develops strategies to minimise unintended consequences of advertising and social pressure, such as overspending</p> <p>Takes steps to make informed purchases</p> <p>Considers the overall value [or utility] of a potential purchase as well as its ticket price</p>	<p>Confident to resist pressure to make unplanned purchases</p>
	<p>Knows that the actual cost of a good or service may depend on factors such as taxes or exchange rates how to calculate the final consumer price where this is not stated on the price ticket of an item</p> <p>how inflation and deflation can affect the future price of goods and services</p>	<p>Calculates or estimates the final price of a good or service</p> <p>Makes an informed decision about whether to make large purchases immediately or in the future</p>	<p>Confident to apply knowledge of factors such as inflation and exchange rates when making a decision about whether to delay a purchase</p>
	<p>Understands that purchase decisions should take into account the affordability of the prospective costs rather than past expenditure [applying the concept of sunk cost]</p> <p>Knows that some purchases may incur ongoing costs such as maintenance or storage</p>	<p>Takes into account long-term implications of subscriptions and other purchases requiring repeated payments</p> <p>Makes an informed decision about the overall impact of options to spread payments over time</p> <p>Makes any ongoing payments as agreed</p>	

## Texts

### Text 1:

#### A HISTORY OF TAXES

As the more complex civilizations arose, taxes were implemented. Initially they were one way to redistribute the goods of the community. Each person had a different function in the community, for example, farmer, pastor, doctor, potter, and it was a way that all the people would benefit from the goods produced. This function later became exclusive to rulers, monarchs and priests, who were granted this redistributive function but could also benefit for themselves.

Through taxes, rulers were enriched but also built temples and public buildings, as well as creating works of art, for example. In the kingdom of Bavaria in the nineteenth century, the monarch Ludwig II was dedicated to building large and luxurious palaces with part of the tax money, which at that time were widely criticised because they were considered useless by the population beyond the enjoyment of the monarch. Today the palaces of Ludwig II are one of the most visited monuments in Germany for their beauty, they are public property and generate a great benefit to the German state of the visits they generate. We could also say that many of the works that are currently in museums, which were commissioned by kings and princes for their personal enjoyment, today generate an economic benefit for the administration with the price of tickets and culture for the entire population.

Currently in democratic societies the function of taxes is partly to redistribute wealth or generate goods that all people can benefit. Building schools, roads, hospitals, security: granting pensions to retirees; unemployment subsidies, educational scholarships. The income from taxation is also invested in culture, thought for all the people and not only for the personal enjoyment of the rulers.

Taxes can be direct and indirect. Direct, when you have to deliver part of the goods produced to the administration, in the Middle Ages the tithe was a tax in which the peasants paid a tenth of their crops to the church. Currently, a direct tax is the Personal Income Tax, which is deducted from the money from our wages and goes to the state. Once a year we make a tax return, in which we declare all the benefits that we have obtained from work and depending on the income, of what we have deducted from the tax authorities through payroll we will pay or not to the state, or the state we will return if we have over-paid through the pay as you earn system.

In the Middle Ages in Barcelona there was a tax on everything that was bought that was called the 'vectigal'. A twenty-first part of the purchase price was always destined to the city government. Currently when we pay VAT on an invoice, we are paying a tax to the administration.

Activities

Activity 1:  
Invoices

From different invoices (weekly purchases, utilities (gas, water, electricity), mobile invoices, etc.) break down:

- Different parts of the invoice.
- If there are graphs, identify what they want to say.
- Know what implies what is paid (price of what you spend, prior payment of taxes, post-tax payment, etc.)
- Type of taxes that are charged in each payment.
- What is VAT?
- How many types of VAT are there? What amount do they have in your country?
- How do you see the issue of paying taxes? Do you know what they are for?



**Joint Interest Invoice Summary**  
 Payment due in full (15) days after invoice receipt.  
 Unpaid balances are subject to interest charges  
 Invoices are available on the internet at  
 2 [www.energylink.com](http://www.energylink.com) 4

Billing Period:	7 / 2014
Invoice:	1 072014JV12345601
Invoice Date:	7 / 31 / 2014
Invoice Amount:	\$ 6.50
Currency:	USD

SMITH PROD COMPANY ATTN: JOHN SMITH 1000 ENERGY WAY STE 500 HOUSTON, TX 00000	3
--	---

REMIT CHECK PAYMENT TO: ABC CORPORATION P.O. BOX 10000 ANYWHERE, TX 00000-0000 (800) 359-1692 CRM.JIB@AN	4
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REMIT WIRE / ACH PAYMENT TO: Bank Name ABA 123000001 (Wire only) ABA 123000002 (ACH only) Account #1000000	4
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Venture	Venture Description	Amount Billed	Cash Call Applied	Netted Revenue	Amount Due
123456	NORTH 1	5.00	(2.00)	0.00	3.00
234567	NORTH2	3.00	0.00	0.00	3.00
456789	NORTH3	1.00	0.00	(.50)	.50
<b>TOTAL INVOICE</b>		<b>9.00</b>	<b>(2.00)</b>	<b>(.50)</b>	<b>6.50</b>

5 6 7

8 <b>Current Invoice Amount</b>	<b>6.50</b>
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Please include invoice and/or venture numbers/amounts on your remittance to ensure accurate and efficient application

Source: Anadarko. (2015). How to Read a JIB Invoice. Retrieved from <http://alternomica.club/split/>

  
**East Repair Inc.**

1912 Harvest Lane  
New York, NY 12210

<b>BILL TO</b>	<b>SHIP TO</b>	<b>INVOICE #</b>	US-001
John Smith	John Smith	<b>INVOICE DATE</b>	11/02/2019
2 Court Square	3787 Pineview Drive	<b>P.O.#</b>	2312/2019
New York, NY 12210	Cambridge, MA 12210	<b>DUE DATE</b>	26/02/2019

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**Invoice Total****\$154.06**

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QTY	DESCRIPTION	UNIT PRICE	AMOUNT
1	Front and rear brake cables	100.00	100.00
2	New set of pedal arms	15.00	30.00
3	Labor 3hrs	5.00	15.00
		Subtotal	145.00
		Sales Tax 6.25%	9.06

**TERMS & CONDITIONS**

Payment is due within 15 days

Please make checks payable to: East Repair Inc.





## Activity 2

### How do we calculate the VAT percentage in our invoices?

Once you have researched this, make a list of the 15 products that you use most daily. Once this list is made, calculate which part of what is paid refers to the price and how much of what is paid refers to taxes. Remember that to calculate the VAT of any product, you will need to learn how to calculate percentages.

**Example 1:** Rachel has bought some shoes for € 36.30 and wants to know what amount she has paid VAT, if this is 21%

$$121\% \rightarrow 36,30\text{€}$$

$$21\% \rightarrow X$$

$$X = 21 \cdot 36,30 / 121 = 6,30\text{€}$$

$$36,30 - 6,30 = 30\text{€}$$

Rachel has paid € 30 for shoes and € 6.30 for VAT

**Example 2:** Jay wants to buy a jacket and according to the label it costs € 20 plus VAT, which is 21%, and he wants to know how much he will have to pay for the jacket in total.

$$100\% \rightarrow 20\text{€}$$

$$21\% \rightarrow X$$

$$X = 21 \cdot 20 / 100 = 4,20\text{€}$$

$$4,20 + 20 = 24,20\text{€}$$

Jay will have to pay € 24.20 for the jacket (20€) + VAT (4.20€).

### Activity 3

#### Taxes: what are they for?

VAT, apart from a tax that must be paid at an economic level, are also acronyms:

- What are the acronyms? (PIT, VAT, etc.)
- Do you know other acronyms that are used in daily life related to finance? What do they mean?

After investigating a little about VAT, we have discovered that most products incur VAT, to a greater or lesser extent. But has this tax always existed? When was it established in your country? What was the reaction of the citizens to know that they were going to apply it?

- Are the taxes the same throughout Europe? Find out what types of taxes are in your country and what differences there are with respect to other countries.
- What proportion of taxes are devoted to social issues? And to expenses like armament?
- After seeing this, do you think that taxes have any function? How would you redistribute them?

# Topic 2: CONSUMER RIGHTS

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## Sections

- Consumer Rights
- Sales Contracts
- Compare Prices

## Topic 2: CONSUMER RIGHTS

### Subtopic 1: Consumer rights

<b>Focus of this part:</b>
<ul style="list-style-type: none"> <li>✓ <b>I want to know what I pay for with my money</b></li> <li>✓ <b>What and why do we pay for?</b></li> <li>✓ <b>What is charged for on an invoice? (VAT, taxes ...)</b></li> </ul>

### What will we learn?

<b>Financial Competences</b>	a) awareness, knowledge and understanding	b) skills and behavior	c) confidence, motivation and attitudes
	FINANCIAL OVERVIEW (D. I, REGULATION AND CONSUMER PROTECTION)		
	Underpinning Competencies		
	<p>Understands the roles of relevant financial regulators and financial authorities</p> <p>Knows the suppliers of financial services have a duty to treat consumers fairly</p>	<p>Check that a financial services provider is covered by the relevant regulation, supervision and insurance [when applicable] before purchasing a product</p>	<p>Motivated to choose appropriate financial service providers and Reliable</p>
	Basic Competencies		
	<p>Knows the deposit insurance funds, the amounts that are covered and the limitations of said insurance</p> <p>Aware that some financial products and services can be informal and unregulated</p>	<p>Takes note of information about financial service providers that have infringed the regulation or that have unfairly affected consumers</p> <p>hanges in financial regulation and consumer protection and their potential impact.</p>	
<p>Aware of repair mechanisms for unsatisfactory services or products</p> <p>Knows how to make a complaint about financial products and services to a relevant agency</p>	<p>Able to make a complaint to the competent body when necessary.</p>	<p>Confident to make a judgment on the level of service and protection provided by a financial service provider</p> <p>Prepared to seek redress if things go wrong</p>	

	Understands that some aspects of consumer protection are based on the consumer taking note of the information provided	Maintains statements and contracts, and recorded conversations and actions related to the potential financial service providers abuse	
<b>FINANCIAL (RIGHTS AD RESPONSIBILITIES)</b>			
<b>Underpinning competencies</b>			
	Knows that financial consumers have rights and responsibilities	Takes into account individual rights and responsibilities as a financial consumer.	Values the rights of financial consumers.
<b>Basic competences</b>			
	Knows and understands the rights and responsibilities of financial consumers.	<p>Reads the fine print when choosing financial products.</p> <p>Informs financial services providers of changes in the circumstance when relevant or is contractually obligated to do so.</p>	
	Knows and understands the rights and responsibilities of consumers who do not pay specific bills, including taxes and public services	<p>Ensures that creditors are aware of all relevant factors that may affect refunds</p> <p>Requests help to pay or defer specific bills in times of need [where available]</p>	
	Understands the responsibilities of a guarantor	Makes an informed decision about accepting the responsibility of being a guarantor so that someone can obtain a loan or rent a property	

## Texts

### Note for the educator

Using the approach called Dialogic Literary Gatherings (DLGs). The idea is that we include classic texts, for people to reflect together on them. This is based on a Successful Educational Action (SEA) called dialogic literary gatherings, which tend show excellent results. "..., dialogic reading is operationalised through dialogic literary gatherings, which involve reading classic works of world literature and sharing interpretations with the group" Before the gathering, the participants prepare for the reading at home. They take the book home and read it alone or with others. Then, they select a paragraph or an idea they particularly enjoyed or would like to share for some reason, and in this gathering, they explain the ideas they chose, why they chose them, and discuss the topics the others shared."

Source: Flecha, R. (2015). Successful Educational Actions for Inclusion and Social Cohesion in Europe.

[https://www.schooleducationgateway.eu/files/esl/downloads/13\\_INCLUD-ED\\_Book\\_on\\_SEA.pdf](https://www.schooleducationgateway.eu/files/esl/downloads/13_INCLUD-ED_Book_on_SEA.pdf)

### Text 1

#### THE BEAR AND THE TWO COMPANIONS

Two fellows, needing funds, and bold,  
A bearskin to a furrier sold,  
Of which the bear was living still,  
But which they presently would kill  
At least they said they would,  
And vowed their word was good.

The bargain struck upon the skin,  
Two days at most they must bring in.

Forth went the two. More easy found than got,  
The bear came growling at them on the trot.  
Behold our dealers both confounded,  
As if by thunderbolt astounded!  
Their bargain vanished suddenly in air;  
For who could plead his interest with a bear?

One of the friends sprang up a tree,  
The other, cold as ice could be,  
Fell on his face, feigned death,  
And closely held his breath,  
He having somewhere heard it said  
A bear never preys upon the dead.

Sir Bear, sad blockhead, was deceived  
The prostrate man a corpse believed,  
But, half suspecting some deceit,

He feels and snuffs from head to feet,  
And in the nostrils blows.

The body's surely dead, he thinks.  
"I'll leave it, says he, for it stinks,  
And off into the woods he goes.

The other dealer, from his tree descending cautiously,  
To see his comrade lying in the dirt, consoling, says,  
It is a wonder that, by the monster forced asunder,  
We are, after all, more scared than hurt.  
But, he added, what of the creature's skin?  
He held his muzzle very near;  
What did he whisper in your ear?"

He gave this caution,- Never dare,  
Again to sell the skin of bear  
Its owner has not ceased to wear.

La Fontaine (5, 20)

## Activities

### Activity 1

That fable is the origin of the expression: "you do not have to sell the bear's skin before hunting it."

- What do you think the expression "you should not sell the bear's skin before hunting" means?
- In what situations could we use this expression?
- Do you think it's important to keep in mind "do not sell the bear's skin before hunting" as a consumer? Why do you have to take it into account? When should we take it into account?
- What are the risks involved in "selling the bear's skin before hunting"? How can it affect me as a consumer?
- Have you ever been sold 'the bear's skin before hunting' when you are a consumer? Give examples of this and how you have been able to solve it.

## Text 2

I know my rights

### CONSUMER RIGHTS AND BEGINNINGS OF CO-OPERATIVISM

Consumer rights are the set of rules designed to protect the consumer or user in the market of goods and services, granting guarantees and obligations.

We can find examples already in Roman law, where a distinction was made between the sale of a defective product knowingly or unknowingly, for example in the trading of livestock. In relation to the first, we are told that, if "knowingly he [the seller] kept quiet and deceived the buyer, he will have to answer for all the damages that the buyer would have experienced by making that purchase". In the Middle Ages, the Theological Summa of Thomas Aquinas discusses whether the seller is obliged to manifest the defects of a thing sold.

In the nineteenth century, through the frame of the industrial revolution, we see the emergence of the first consumer organizations closely linked to the first workers' associations and they are also closely linked to the origin of cooperatives. In 1835, the grocery league was created in Lyon, as a consumer cooperative, and in 1844, in Manchester, the consumer cooperative of the "Rochdale Society equitable pioneers" was created. The latter has been very important in the configuration of modern cooperation. The Pioneers of Rochdale were 28 weaver workers (27 men and 1 woman), who created a warehouse and store, where workers could buy affordable products with guarantees of quality. This experience, which began with a few products, soon increased its offer and became a successful experience that spurred the cooperative movement to success in contrast to other failed attempts that had occurred previously.

## Activity 2

How can we make a complaint when we have a problem?

Juan has had a problem with a company that provides telephone, internet and television services. In the bill for the month of July of this year they have charged € 50 more for the different services they have contracted. Upon realizing it, he has called the Customer Service department of the company and has explained the matter to the different operators without reaching a solution. Tired of going from one place to another, complaint after complaint, reading a news about complaints from other users and abusive clauses in a free newspaper in the subway, he realises that what he has to do is to complain; but, he does not know how.

- 1.- Have you ever claimed or ever made a complaint when a service or a product has not worked properly for you? Why?
- 2.- Investigate what John would have to do to make a claim of this type: what steps he would have to take, if he can still complain, if there is an organization of people behind him.
- 3.- From what you have seen, when can we make a complaint as consumers and then claim refunds or compensation? Do you think it's easy to make one? Find out what kind of situations we can claim. What situations have surprised you that you can complain and you believed or you did not know you could do it?
- 4.- We have now focused on Consumer Rights. But what is a right? Do you know the rights you have as a consumer? For you, a right, does it entail an obligation? Which?
- 5- Do you know if there is any document that collects these rights and obligations? Where can we find and consult? Is it the same in all countries? Why do we need duties and consumer rights?
- 7- Do you think that most people know their rights and obligations as a consumer and how to use them? Why do you think that is the case? Why is it important to know your rights and know how to use them? Should we be better informed and trained in this aspect?
- 8- What actions could be carried out so that the maximum number of people were informed and trained in Consumer Rights?

### Text 3

I know my responsibilities

You are about to download MusicFly to listen to your favorite music ... and also for free! Excellent ... You are in the last step, put your card details and confirm ... and you're done! ... Free music where you want it and when you want it! What more could you want?

Credit or debit card ▼



Card number 🔒

1111 2222 3333 4444

Expiry date


Security code 


You consent to get access to your Spotify subscription immediately, and that if you don't cancel before the trial ends on 22 August 2019, you will automatically be charged the subscription fee every month until you cancel. You will not be entitled to a refund on cancellation. Full terms and instructions on how to cancel are available [here](#).

**START 30-DAY TRIAL NOW**

### Activity 3

#### Checking the conditions of what we hire in order to make informed decisions

Are you really going to get your music for free after this procedure? Why?

Do you think it is important to inform yourself before buying a product or hiring a service? Why? Do you usually do a bit of research yourself before any purchase or contracting? What risks can it entail if you don't?

What essential aspects should you inform yourself before buying a product in person? And online? And by phone? Is there another channel where you can buy? Is there a significant difference if you buy it in person or online?

What essential aspects should you inform yourself before hiring a service in person at an establishment? And online? And by phone? Is there any other hiring channel?

When we buy a product, do we have any protection / security against possible defects, breakages, malfunctions or others? What does it consist of? How can I know what protection the product I have purchased has? Is it the same for all products? How should I use this right?

Design an information brochure on the "Rights and Duties of the Consumer" that contains the aspects that you consider essential that every consumer should know about when buying a product or contracting a service. (Example for the teacher)

**Text 4****CONSUMER RIGHTS HISTORY**

Consumer rights, as we understand them today, were defined by US President John F. Kennedy on March 15, 1962 in a speech at the Congress, where he stated that "By definition, we are all consumers. This is the largest economic group that affects and is affected by almost all public and private economic decisions, yet they are the only important group in which often their opinions are often not heard." Kennedy established four basic rights of consumers:

- 1) The right to security, to be protected against the commercialization of products that are dangerous for health or life.
- 2) The right to information, to be protected against information, advertising, labeling, or any other fraudulent, deceptive or basically confusing practices, and to be provided with all the facts you need to make a decision based on the information.
- 3) The right to choose, to be assured, whenever possible, access to a variety of products and services at competitive prices; and in those sectors where competition is not operative and government regulation is replaced, the security of satisfactory quality and service at the best prices.
- 4) The right to be heard, to be sure that the interests of consumers will be taken fully and comprehensively into consideration the preparation of Government policies, and to an adequate and agile treatment in administrative courts.

In short, President Kennedy, beyond asking for a regulation of consumer rights, asked for an education based on consumption to freely choose a product, not be cheated and have the right to claim.

## Am I a responsible consumer?



### GOAL 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns.



Source: United Nations. (2017). Goal 12 - Responsible Consumption and Production. Retrieved from <https://www.un.or.id/component/content/article/19-sdg/102-goal-12-responsible-consumption-and-production?Itemid=437>

### Activity 4

#### Reflecting on the effects of our decisions as consumers

What does this image suggest?

Do you think that our way of consuming can influence the lives of other people?

What impact do you think our way of consuming has? Do you think we could change or improve something?

What habits we could incorporate in our daily life to improve towards more responsible consumption.

## Text 5

### HISTORY OF THE BOYCOTT

The word boycott has an origin linked to the defence of consumer rights. Charles Cunningham Boycott was the administrator of a land in Ireland of an absentee landlord, Count Erne. The tenants of these lands, organised in the "League of Lands", believed, at a time of financial crisis, that the price they paid for rent was too high and requested a reduction. The administrator refused and expelled members of this League from their plots. This resulted in the fact that the rest of the farmers refused to continue working on the land on Count Erne's lands; the merchants refused to sell him their products; the postman to take him letters, and so on. The administrator had to hire workers from outside and have the police protect them. He had to take the products from other regions, given the refusal of the merchants to sell to him. .

It is from the surname of this administrator that the word boycott and its definition emerged: refusal to consume a product or carry out a commercial relationship that is unfair or harmful.

## Activity 5

### The power of the collectivity

What do you think about the reaction of the protagonists of this story in relation to the attitude of the administrator Charles Cunningham Boycott?

Have you ever done the same thing that tells the story of the word "boycott" in front of an unfair situation? Why? Do you think it is an option to solve this type of situation?

**Subtopic 2: Sales contracts**

<b>Focus of this part:</b>
✓ <b>How do I know what I'm really signing?</b>

**What will we learn?**

<b>Financial Competences</b>	a) awareness, knowledge and understanding	b) skills and behavior	c) confidence, motivation and attitudes
	MONEY AND TRANSACTIONS (A. VI, REGISTERS AND FINANCIAL CONTRACTS)		
	Underpinning Competencies		
	Understands the implications of signing a contract with a financial services provider	Confirms understanding of the legal and financial terms and the implications of a contract before signing it	Willing to ask for advice before signing a contract.
	Basic skills		
	Aware of the importance of keeping certain documents in a place where they can be consulted if necessary.	<p>Checks financial records and contracts before archiving them in an orderly and accessible way.</p> <p>Checks the uncertainties related to financial records and contracts and request that errors be corrected.</p> <p>Requests financial records and written contracts when they are not provided</p>	

## Texts

### Text 1

#### Hire a service

# The owners of a catering company fake their deaths to avoid serving a wedding banquet

THE COUNTRY. 9 DEC 2018.

A few hours after a wedding, Jesus C., the head of the company catering sent an email to the bride pretending that he and his son had died so as not to serve a banquet they had already charged, a lie that Spanish justice recognizes, but which is not punishable as it is not considered fraudulent. The man already had a history of misappropriation of funds.

Despite the lack of truth and not providing the catering service or returning the money to the couple, the Provincial Court of Madrid has acquitted them of the crime of fraud, for which the prosecution requested a year and three months in prison. The judgement can be appealed

The bride, Adriana S., and her fiancé, Leonardo M., hired in June 2015 the banquet for their wedding from the Catering Modena company, which they arranged through a verbal contract, which never put on paper, a price of 1,980 euros, VAT included. As they had agreed, the couple advanced 75% of the price, 1,500 euros, in the agreed current account. And in this way they thought that they could sleep peacefully. Nothing was further from reality.

The day before the wedding the son of the owner of the caterers, Yeraí C., took a tent to the place where the banquet was to be held on September 5, 2015. But a few hours later, the bride woke up on the most important day of her life with an email from the catering company announcing that no one was going to be able to take care of the banquet because those responsible had just died in a terrible accident in their facilities; and that they were going to return the money. That email was written by the deceased, the owner of the company.

The ruling of the Court ensures that Jesus C., "from the account of the company, sent the bride an email, which, lacking the truth, told him the impossibility of complying with the agreement, because he himself and his son had died in an accident. " And here ends the story of proven facts, with the lie exposed.

Although on the day of the ceremony and after reading the email with the terrible news, the couple did not get to talk to the company, Leonardo managed the next day to get someone to pick up the phone: a man who claimed to be the brother of Jesus C., and that he told him that at that moment they were being buried father and son.

After months without receiving news of the company or the return of the money, Adriana and Leonardo discovered that Catering Modena had starred in other similar episodes. At least six couples were part of a group on Facebook that had joined with their arguments, alleging a scam.

But the magistrates did not see enough signs of fraud, because the deception would occur if "the author simulates a serious purpose of hiring when, in reality, he only pretends to take advantage of the benefits to which the other party is obliged", this is money, "taking advantage of the trust and good faith of the injured party with a clear and definite initial intention to break the agreement".

That, according to the magistrates, was not what happened because "the defendants carried out acts that, implied an economic cost, which reveals the beginning of compliance with the agreed provision", referring to the tent they sent, "and are incompatible with the purpose of not fulfilling it "that the crime of fraud requires".

And although they say that "it is undoubtedly true that the catering service was not provided" and that they "attempted to justify their action through mendacity", what happened is that there was not enough evidence that the intention not to comply was already there at the point of making the booking, so only "a feeling that has not come to fruition."

In addition, the "deceptive manoeuvre" aimed at justifying the breach was "subsequent to the acts of patrimonial disposition of the complainant, and therefore, without causal connection with them".

Nothing was said about the judgement of the reason for the failure to provide the service, or of the lie or of the faked death, beyond picking up what was stated by the owner of the company, who decided not to serve the banquet because the couple owed him "payment for some extras" -like carp - and did not give "a very good impression", which was denied by the woman, who also denied any extra requests.

By the way, the wedding was held, but three hours later than planned, and was reorganized in the record time of eight hours. Without doubt an unforgettable day for the couple.

## Activities

### Activity 1

How can we prevent scams?

Have you ever suffered some kind of scam?

What do you think about the decision of the judges regarding this issue?

Why do you think there was not a signed contract and everything had been done with words?

## Activity 2

How do we know what we are signing?

Reflect in groups to identify the attitudes that prevent scams and those that favor being cheated or deceived.

- 1.- What situations require contracts in daily life; What do you think are the most commonly signed contracts?
- 2.- Have you signed any type of service contract (mobile, bank, gym, rent, etc.), which ones?
- 3.- Have you made sure in any way that you understood everything you were signing?
- 4.- Let's make a list of attitudes that help to prevent scams when hiring services:
  - 
  -
5. Have you had problems because you have not agreed with a service you had hired?
- 6.- The problems that you have had, could they have been avoided if you had made sure to understand the contract properly?
7. What are the attitudes that help to create more scams?
8. How can we be more critical as consumers and demand our rights?
9. Make a poster / poster that highlights the attitudes we must have to prevent scams and which are those that benefit the scams

## Activity 3

Shopping online

is increasingly common that we make purchases by Internet. We are going to reflect on the advantages and disadvantages of buying online and how this can benefit or harm us.

Do you usually consume internet products? What kind of products or services do you buy?

Let's make a list of the advantages and disadvantages of buying online

What types of products do you think is best to buy online? Why?

Have you ever had problems with an internet purchase? Which one?

What are the advantages and disadvantages of buying online?

Do you know what rights you have when shopping online? Do you know if they are the same or what is different from the rights of traditional consumers?

What resources do we have to claim if you have had any problems with the purchase?

Let's make a poster with the steps to follow to claim if we encounter problems when shopping online.

Before hiring a service, how do I make sure I'll make a good purchase?

What duties do I have as a consumer?

Do you know what happens with the personal information we provide to make the purchase? Do they do something with them?

**Subtopic 3: Compare Prices**

<b>Focus of this part:</b>
<ul style="list-style-type: none"> <li>✓ <b>Is price comparison a good way to save money?</b></li> <li>✓ <b>What tools do I have?</b></li> </ul>

**What will we learn?**

<b>Financial Competences</b>	a) awareness, knowledge and understanding	b) skills and behavior	c) confidence, motivation and attitudes
	MONEY AND TRANSACTIONS (A. III, PAYMENTS, PRICES AND PURCHASES)		
	Underpinning Competencies		
	<p>Knows</p> <p>how to calculate and interpret the significant unit prices of purchases, when it is relevant</p> <p>that the same goods or services may have a different price for different suppliers, at different times or in different places</p> <p>that there are often substitutes for products [in some cases, including second hand] and services that may cost less than the one originally identified</p>	<p>Compares the price of similar products from different suppliers when it is practical</p> <p>Seeks to buy goods and services at a fair price</p>	<p>Feels safe to:</p> <p>negotiate a fair price</p> <p>say no to a sale offer that is unsatisfactory or undesirable</p>

Basic skills		
<p>Knows how evaluate the potential risk and benefits of different payment methods.</p> <p>Aware that</p> <p>Some payment methods are a form of loan and understand how this will affect the overall price paid.</p> <p>different types of transactions have different implications for cash flow</p> <p>Recognises opportunities to make transactions using relevant technology</p>	<p>Uses an appropriate method to make payments, taking into account the total cost of the chosen method</p>	
<p>Understands that mistakes can be made when making payments and purchases, and know how to detect them in bills, invoices and receipts.</p> <p>Knows that some receipts should be kept as evidence of a purchase</p>	<p>Checks</p> <p>Payment details, receipts and modification.</p> <p>invoices and invoices when relevant</p> <p>Requests a receipt if it is not provided</p> <p>Keeps receipts and other relevant documents related to important purchases</p> <p>Keeps a record of all money paid or spent</p>	<p>Feels safe to re-verify when it seems that an error has been made with a payment or a purchase</p>
<p>Recognises that advertisements, special offers and media can have a powerful impact on the perceived convenience of particular purchase</p> <p>Understands that money spent on one thing is not available for anything else [the concept of opportunity cost]</p>	<p>Develops strategies to minimize the unintended consequences of advertising and social pressure, such as excessive spending</p> <p>Takes steps to make informed purchases</p> <p>Considers the overall value [or utility] of a potential purchase, as well as the price of your ticket</p>	<p>Confident in resisting the pressure to make unplanned purchases you</p>
<p>Knows</p> <p>the real cost of a good or Service can depend on factors such as taxes or exchange rates</p> <p>how to calculate the price to the final consumer when this is not indicated in the price ticket of an article</p> <p>how inflation and deflation can affect the future price of goods and services</p>	<p>Calculates or Estimate the final price of a good or service.</p> <p>Makes an informed decision about whether to make large purchases immediately or in the future</p>	<p>Confident in applying knowledge of factors such as inflation and exchange rates when making a decision on whether to delay a purchase</p>

		<p>Takes into account the long-term implications of subscriptions and other purchases that require Repeated Payments</p> <p>Makes an informed decision about the overall impact of the options for spreading payments over time.</p> <p>Makes ongoing payments as agreed.</p>	
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## Activities

### Activity 1

#### What tools do we have to compare prices and plan our expenses?

The shopping trolley is an expense that we cannot avoid. To a greater or lesser extent, people spend a significant part of our income on food. That is why it is important to know how much we spend weekly.

- 1.- Design a weekly menu consisting of breakfast, lunch, lunch, snack and dinner
- 2.- With the products that you have put on the menu, make a list.
- 3.- Make a list of the supermarkets that are in your neighborhood.
- 4.- Make a "simulation" of purchase in each of them.
- 6.- What products are more expensive? Which products are cheaper?
- 5.- What is the most expensive supermarket? And the cheapest?

## Texts

### Text 1

#### HISTORY OF ADVERTISING

The city of Pompeii is one of the most extraordinary archaeological sites in the world. This ancient and prosperous city of the Roman Empire disappeared suddenly under the lava and ash of the eruption of the volcano Vesuvius in 79 AD. When it was buried, it allowed the remains of the city to be preserved practically intact, and since it was discovered in the 18th century until today, it never ceases to amaze us with new findings that allow us to know what life was like in the Roman Empire.

One aspect of the Roman past which was discovered are some of the oldest commercials for which there is evidence. They are white tablets called "alba", located in the center of the city for merchants to insert their advertisements. The booksellers of the city in these "albas" announced the books they have just published to make them known to the inhabitants. Stone poles were also used to advertise shows and shops. In the middle ages the town crier was popular, and those sellers who with their shouts and chants announced the products that they sold in the

cities and towns, "Well-stocked fresh meat", "Good Champagne cheese" are some of the songs that appear in a compilation of the cries of Paris in the thirteenth century.

## Activity 2

### The effect of advertisements on our behaviour as consumers

The supermarket tricks us into buying more and spending more (20minutos - 02.01.2019)

<https://www.20minutos.es/noticia/3340122/0/trucos-supermercados-comprar-mas-carro/#xtor=AD-15&xts=467263>

In this article from the newspaper '20 minutes' we can find different strategies that show how the layout, smell, music and other elements that are part of the supermarket 'experience' are studied to encourage us to consume products that do not we need. For example:

Products - such as milk, eggs or meat are essential items that we all have in the fridge. To get to them you have to go through the entire store as they place them at the back, so that, on the way you are more likely to end up buying other products that you had not planned to buy.

Prices - all commercial establishments do not have clear, rounded prices, but instead use the so-called psychological pricing. These use small amounts (cents, pennies and so on) to make us think we are buying more cheaply.

Placing products at eye level. The items that are placed at eye level are the ones that call your attention the most. The supermarkets put in easy view the products which they most want to sell.

- 1.- Have you noticed the disposition of these elements?
- 2.- Have you ever considered that this could happen?
- 3.- Do you think that happens only in supermarkets or also happens in other types of establishments?
- 4.- What tools does the article propose to avoid the purchase of unnecessary products when we go to the supermarket?

### Activity 3

#### Consumption and Big Data – Part I

"In most cases, you have no idea where your data will end up." This statement is made by Jannis Kallinikos, an expert in Information Systems at KALLINIKOS | EXPERT IN INFORMATION SYSTEMS

[https://elpais.com/tecnologia/2018/11/30/actualidad/1543597535\\_915372.html](https://elpais.com/tecnologia/2018/11/30/actualidad/1543597535_915372.html)

(02.01.2019)

"P. Through advertising or other specialised services, digital platforms earn money thanks to information technologies that process personal data. Will this be the business model of all the big companies of the future?

R. Who knows? I'm not a prophet, but that seems to be the case.

Q. Do you consider that possibility a problem?

R. It's a problem, but also an opportunity, as always. The majority of the users of LinkedIn see their services with good eyes. People also like TripAdvisor. What is always hidden is that there are no benefits without some implicit loss. In this case, one of the losses is privacy. But we have mentioned others: the fact that we acquire knowledge of third-hand reality. They are no longer mediated by our experience, but are generated abstractly by data, as collected and compared by TripAdvisor. If these losses multiply and proliferate, in many fields, we will end up with people who have very little sensitivity to reality. In short, we will end up with many people who will not distinguish what is relevant from what is not, what is at stake and what is not.

Answer the questions bellow:

- How do you manage all your personal data that you "lend" when you access the Internet?
- What do you think about "living life" through the Internet (upload photos of everything we do to Facebook, Instagram, etc, play online)?
- Do you let yourself be influenced by the advice of famous people who are on social media (influencers, youtubers, etc.)? Why?
- Are you aware of the use made of your data every time you enter the Internet, use an application, or other activity?
- Search for an application that interests you and look at all the things you ask before installing it. To whom and to whom do you give access?

- Look at the generalised message about cookies on the websites that we consult: "We use our own and third-party cookies to improve our services and show you advertising related to your preferences by analysing your browsing habits. If you go on surfing, we will consider you accepting its use. More information is in our cookies policy "What do you suggest?"

#### **Activity 4**

##### **Consumption and Big Data – Part II**

Watch a movie about big data and, afterwards, you can have a debate about whether you identify yourself with any of the situations showed in the movies, as well as the benefits and the consequences the correct or not correct use of big data can have. Some examples of movies can be:

- Pi (1988).
- A Beautiful Mind (2001)
- The Social Network (2010)

# Topic 3: WORK AND SOCIAL WELFARE

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## Sections

- Salaries
  - Pay Slips
  - Social Services
  - Pensions
-

### Topic 3: Work and social welfare

#### Subtopic 1: Salaries

<b>Focus of this part:</b>
<ul style="list-style-type: none"> <li>✓ <b>Why don't I get as much as they say they pay me?</b></li> <li>✓ <b>What kind of contracts are there?</b></li> <li>✓ <b>What are we signing?</b></li> </ul>

#### What will we learn?

<b>Financial Competences</b>	a) awareness, knowledge and understanding	b) skills and behaviour	c) confidence, motivation and attitudes
	MONEY AND TRANSACTIONS (A.II, INCOME)		
	Underpinning competencies		
	Knows the sources of income earned and not earned, including government benefits, which are available and the requirements to receive them	<p>Evaluates current income needs</p> <p>Look for ways to earn enough income to at least pay for current subsistence expenses</p> <p>Maximizes the use of personal income.</p>	Is comfortable talking about income with others when necessary
	Basic Competencies		
	<p>Is aware of the reasons why an individual's net income may fluctuate</p> <p>You can identify legal ways to increase income if necessary</p>		Motivated to find a way to receive sufficient income to achieve the standard of living required today and in the future

	<p>Understands</p> <p>Annotations on a payment slip and the income statement</p> <p>The importance of maintaining an income record.</p> <p>The difference between gross and net income.</p> <p>how to calculate net income in different periods</p>	<p>Checks</p> <p>salary receipts and income statements and file them for future reference</p> <p>Real income against expected income and seeks to identify the cause of any discrepancy</p> <p>Uses gross or net income as appropriate when making decisions</p>	
	<p>Understands that some automatic deductions for payment may be the creation of assets and others may be paying expenses</p>	<p>Takes into account the full payment package, including contributions to savings or insurance when relevant, when comparing current income with alternatives</p>	
	<p>Understands how you can obtain income from assets or investments</p> <p>Is aware that few people have an income earned in old age and recognizes the importance of securing an alternative source of income</p>	<p>Makes a realistic assessment of possible future income</p> <p>Sets some income for retirement</p>	
	<p>Is aware of potential work and career paths, including entrepreneurship, and how these can impact income levels</p>	<p>Takes practical steps to follow a career choice or business idea, if relevant</p>	<p>Feels safe to:</p> <p>pursue a career choice or a business idea</p> <p>Consider a job change, if relevant</p>

## Texts

### Text 1

#### **THE PEASANT AND HIS CHILDREN**

A farmer who was about to die wanted his children to learn the work of the field. He summoned them and said: "Children, in one of my vineyards lies a treasure." After his death, they took the plows and the gallows and worked the whole field. The treasure was not found, but the vineyard offered them an extraordinary harvest in exchange.

Aesop's Fables (42)

## Activities

### Activity 1

Discuss and answer the following questions

What do you think is what motivates the peasant's children to work in the father's fields?

What would you have done in the case of the peasant's children?

What would have been the attitude of the peasant's children if there had not been a hidden treasure?

Do you think that such a treasure really existed?

## Text 2

### BREAD AND ROSES BY JAMES OPPENHEIM

As we go marching, marching, in the beauty of the day,  
A million darkened kitchens, a thousand mill lofts gray,  
Are touched with all the radiance that a sudden sun discloses,  
For the people hear us singing: Bread and Roses! Bread and Roses!

As we go marching, marching, we battle too for men,  
For they are women's children, and we mother them again.  
Our lives shall not be sweated from birth until life closes;  
Hearts starve as well as bodies; give us bread, but give us roses.

As we go marching, marching, unnumbered women dead  
Go crying through our singing their ancient call for bread.  
Small art and love and beauty their drudging spirits knew.  
Yes, it is bread we fight for, but we fight for roses too.

As we go marching, marching, we bring the greater days,  
The rising of the women means the rising of the race.  
No more the drudge and idler, ten that toil where one reposes,  
But a sharing of life's glories: Bread and roses, bread and roses.  
Our lives shall not be sweated from birth until life closes;  
Hearts starve as well as bodies; bread and roses, bread and roses.

## Activity 2

Can we do anything to improve our working conditions?



What does this poem refer to?

Why do the people in this poem demand "bread" and "roses"?

Find the story behind this poem written by James Oppenheim

Can we compare anything about our current situation to the circumstances described in the poem? What has changed? Is anything the same? How do we feel about the poem after comparing it with today?

### Text 3

#### The New York Women's Strike and Las Kellys Association

What does the slogan "Bread and Roses" mean?

On March 8, 1909, more than fifteen thousand workers marched through the streets of New York demanding "Bread", that is, better working conditions, shorter days, better wages, pay equity and "Roses", which meant the achievement of a full life, full of beauty and joy. They were violently repressed by the police, but their struggle was consecrated from 1910, when Clara Zetkin proposed the establishment of International Women's Day. Since then, the symbols of a loaf of bread and the rose represent the struggle of women for a better world.

Source: Eidualter. (n.d.). Pan y rosas. Retrieved from <http://www.edualter.org/material/cinemas/index.htm>

### Activity 3

#### Working Conditions

Before answering the following questions, you can watch the movie "Bread and roses" (2000), by Ken Loach. The movie is 110 minutes long. After watching the movie, you can share what it has made you think of and what it has made you feel together with your classmates, and answer the questions:

- Look at the two photos about the 1912 demonstrations of women in the United States and about the 2018 demonstrations of Las Kellys (acronym for the expression "those who clean") in Madrid. Compare the two photos between them and also look for the different claims they made. What do they have in common? What differentiates them?
- Try to find a parallel in your country between people who claim their labour rights now and those who did in 1912. What have you discovered? What do you think of the subject? Do you feel reflected in it?

#### Text 4

One more step for Las Kellys: they achieve a 30% salary increase in two hotels in Bilbao:

"The maids of two hotels in Bilbao have managed to go one step further towards the recognition of their work: the NH Villa de Bilbao and the Barceló Nervión have agreed a salary increase of 30% for the year 2019 with the company Constant, which subcontracts them (...)"

"(...) demanding a change in their working conditions, the application in all its conditions of the hospitality collective bargaining agreements, the recognition of professional diseases directly related to their work, the repeal of Article 42.1 of the Workers' Statute to prohibit the outsourcing of their work, the salary increase to reach a decent salary and the fulfillment of chapter III \* of the Labor Risks Law, among other claims".

Source: Alvarez, A. (2018, December 20<sup>th</sup>). Un paso más para Las Kellys: logran una subida salarial del 30% en dos hoteles de Bilbao. Retrieved from <https://eldiariofeminista.info/2018/12/20/un-paso-mas-para-las-kellys-logran-una-subida-salarial-del-30-en-dos-hoteles-de-bilbao/>

#### Activity 4

##### Key concepts related to salaries

We have extracted different keywords from this article (bold words) that expose the precarious work situation of Las Kellys.

- **Salary increase**: What do we mean when we refer to a "salary increase"? Do you know if there is a minimum wage in your country that you can collect? Investigate it and try to remember the budget of personal and household expenses that you have made in the Topic 1: Managing Money. Could you pay all the expenses that you have with this salary?
- **Hospitality Collective Bargaining Agreement**: In the article the concept of "collective bargaining agreement" in relation to the hospitality industry appears. But what is a collective bargaining agreement? What does it regulate? In your field of work, is there a collective agreement? Do you understand the terms and conditions of this collective agreement? Have you ever checked it before? Why do you think it is important to know about these conditions?
- **Workers' Rights law/charter or Workers' Statute** - if it applies in your country: Do you know what it is and what is it for?
- **Worthy salary**: What amount of payment for your work would be a "decent salary" for you?

### Text 5

#### **SOLIDARITY AND ASSOCIATION AMONG WOMEN IN "HOTEL EXPLOTACIÓN: LAS KELLYS"**

"Feeling invisible as workers and often underestimated in our work has made us stronger when it comes to saying enough as women. And that same feeling, by uniting us, has made that invisibility explode in a thousand voices and experiences, but, above all, listening and supporting each other, we are no longer a woman alone in a situation of injustice, but many companions to whom the same thing happens to them, we have gone from the individual to the collective."

Source: Yolanda García in Prieto, H. (2019, March 15<sup>th</sup>). La solidaridad y el asociacionismo entre mujeres en "Hotel Explotación: Las Kellys". El Diario Feminista. Retrieved from <https://eldiariofeminista.info/2019/03/15/la-solidaridad-y-el-asociacionismo-entre-mujeres-en-hotel-explotacion-las-kellys/>

### Activity 5

The importance of collective negotiation

Now, discuss about what you have read:

- Why do you think the women chose to work together in order to fight for what they considered were their rights?
- Do you think that we have more strength when we make a complain individually or when we do so together in a group with people in a similar situation?
- Investigate what a "Union Representatives' Committee" and in what kind of situations you could need it. Do you think collective negotiation is important? Why?
- Can you think of other cases in which the solidarity and association between people have given more "bargaining power" to achieve a goal?

### Text 6

The Contract: What it is and why is it important?

It must faithfully reflect the agreed labour conditions, fruit of dialogue and negotiation, with the company for which we are going to work:

- Company data.
- Personal information.
- Working days.
- Working hours.
- Gross (or net), monthly (or annual), expressed clearly.
- Sectoral Agreement, if there is.
- Contract period.



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#### CONTRATO DE TRABAJO

##### DATOS DE LA EMPRESA

CIF/NIF/NIE		
D./DNA.	NIF/NIE	EN CONCEPTO (1)
NOMBRE O RAZÓN SOCIAL DE LA EMPRESA		DOMICILIO SOCIAL
PAIS	MUNICIPIO	C. POSTAL

##### DATOS DE LA CUENTA DE COTIZACIÓN

RÉGIMEN	COD. PROV.	NÚMERO	DIG. CONTR.	ACTIVIDAD ECONÓMICA
---------	------------	--------	-------------	---------------------

##### DATOS DEL CENTRO DE TRABAJO

PAIS	MUNICIPIO
------	-----------

##### DATOS DEL/DE LA TRABAJADOR/A

D./DNA.	NIF/NIE (2)	FECHA DE NACIMIENTO
Nº AFILIACIÓN S.S.	NIVEL FORMATIVO	NACIONALIDAD
MUNICIPIO DEL DOMICILIO	PAIS DOMICILIO	

And, remember... it is our responsibility to read carefully any document that we are going to sign. With our signature we are certifying, irrevocably, our agreement to everything that is said in the document: raise doubts and questions, always before signing!

- The important thing is that they pay me on time.
- That they do not pay me less than what I have been told.
- And, if I do overtime, that should be paid as well.
- I have the right to paid holidays.
- ...

Of course! But, you have thought about how to demonstrate all that you have the right to, all that you were promised. Effectively, with the contract of employment signed with

the company for which you work. By the way, and your obligations? Only "they have to ..."? When you sign a contract, you also have to fulfill it.

### Activity 6

#### Understanding our employment contracts

If you are currently working under a contract or have done so before, take it and check the information it has. If you don't have one, you can look for examples of contracts in your country by using the Internet. Once you have at least one contract with you, discuss and answer the following questions:

- Have you paid attention to the aspects mentioned above before, when signing a contract? Can you find these data in your own contract?
- Why do you think a contract is important?
- What type of contracts do you know of? What differences are there between them? Is it important to know what types of contracts there are before signing one? Why?
- What kind of obligations do you think an employment contract entails? Why is it important to take them into account? Here are some suggestions:
  - It is important that you finish the tasks involved on time.
  - Do not leave leaving unfinished tasks: you may be affecting the work of your workmates.
  - It is important to arrive on time at work.
  - ...

- What rights or conditions should a contract specify? Can you see it in your contract? Why is it important to check them before signing a contract?
  - Salary
  - Working hours
  - ...

### Activity 6

#### How do we take practical steps to follow a career choice?

Find different job offers and write down what kind of contracts and salaries they offer you. You can use the Internet to look for offers, both on websites such as LinkedIn or other job seeking portals, and you can also go around your neighbourhood to ask if they have any open positions to work there, and with which conditions.

- Are the offers you have found full time or part time? Do you know the difference between different types of contracts?
- And the benefits you have with each of them?
- Are there trial periods? What are the trial periods for? How long do they last?
- What is the labour market like in your country? How much unemployment is there?

### Text 7

#### POTENTIAL WORK AND CAREER PATHS

Marko is a 27 years old man, who has been working as a Junior Mechanic in a company for 3 years. When he first got the job he thought he was lucky, because although he had studied mechanics, he did not have any work experience at the time. However, now he thinks that after having gained more experience, perhaps he could start looking for a job with better working conditions, like a slightly higher salary.

## Activity 7

### Taking work terms and conditions into account when looking for a job

Like Marco, there will surely be times in our lives when we have to look for new job opportunities. Sometimes, it might be because we are unemployed, but it can also happen when we want pursue a different kind of job or be promoted in our current working conditions. To do so, we need to take some key aspects into account. One of them is the type of contract offered. What else should we pay attention to when looking for job offers?

To find out, you will need the job offers that you have found in the Activity 6. However, now you will extract other key information from those offers. Choose the ones that were especially interesting to you considering the features that we have already seen in activity 5: description of the place of work, conditions of salary, requirements. After you have made your choice, make a table of your professional project, classifying the information in five columns:

- What do I have? Training, professional experience and key competences.
- What do I want? Interests and motivations in the short, medium and long term.
- What does the labour market ask of me? What is the professional profile required in relation to the labour market? You can find this in the requirements of the job offers you find.
- What do I need? Improving employability: weak points that need addressing, for example through the development of key competences, to achieve my objectives.
- Jobs available: depending on what I have and what I want

To make and complete this table, you can use a text processor with your computer such as Word, Google Docs, OpenOffice Writer, etc. You can also include other offers that you find to be interesting, besides from the ones you found on Activity 6.

## Subtopic 2: Pay Slips

**Focus of this part:**

- ✓ **Why do I need them?**
- ✓ **Should I ask for them if I don't receive them?**
- ✓ **What are they for?**
- ✓ **Why are they important?**

**What will we learn?**

Financial Competences	a) awareness, knowledge and understanding	b) skills and behaviour	c) confidence, motivation and attitudes
	MONEY AND TRANSACTIONS (A.II, INCOME)		
	Underpinning competencies		
	Knows the sources of income earned and not earned, including government benefits, which are available and the requirements to receive them	Evaluates current income needs  Looks for ways to earn enough income to at least pay for current subsistence expenses  Maximises the use of personal income.	Is comfortable talking about income with others when necessary
	Basic Competencies		
	Is aware of the reasons why an individual's net income may fluctuate  Can identify legal ways to increase income if necessary		Motivated to find a way to receive sufficient income to achieve the standard of living required today and in the future
	Understands annotations on a payment slip and the income statement  The importance of maintaining an income record.  The difference between gross and net income.  how to calculate net income in different periods	Checks salary receipts and income statements and file them for future reference  Real income against expected income and seeks to identify the cause of any discrepancy  Uses gross or net income according to correspond when making decisions	
	Understands that some automatic deductions for payment may be the creation of assets and others may be paying expenses	Takes into account the full payment package, including contributions to savings or insurance when relevant, when comparing current income with alternatives	

	<p>Understands how you can obtain income from assets or investments</p> <p>Is aware that few people have an income earned in old age and recognizes the importance of securing an alternative source of income</p>	<p>Makes a realistic assessment of the possible future income</p> <p>Saves some income for retirement</p>	
	<p>Is aware of potential work and career paths, including entrepreneurship, and how these can impact income levels</p>	<p>Takes practical steps to follow a career choice or business idea, if relevant</p>	<p>Feels safe to:</p> <p>pursue a career choice or a business idea</p> <p>Consider a job change, if relevant</p>

## Texts

### Text 1

#### Pay slip - Understanding what I receive and why do I receive it?

The pay slip is the document that the employees receive from the company each month and which specifies the salary (wages) they have received that month for the work done. But the pay slip is much more than that, it is a record of the relationship between company and employee and in which very important data appear to be taken into account for the person employed, such as the worker's contribution to Social Security (National Insurance), or the payment of the income tax that is due. The direct payment of income tax through the payroll applies in most European countries; France, for example, has been one of the last countries in the European Union to apply income tax (on the basis of pay as you earn / withholding tax), specifically since January 1, 2019.

Activities

Activity 1

Can you read your pay slip and calculate the income tax?

A number of different items are indicated on a pay slip that you can see in the examples of pay slips that are attached below.

PAYMENTS		DEDUCTIONS		YEAR TO DATE		SUMMARY OF PAY	
<b>A0004 Brown, Mary</b>				<b>PAYSLIP</b>			
				PAY DATE 09/02/18		PERIOD 6	
<b>Wine &amp; Dine Gourmet Experience (</b>		WORKS NO: A0004		DEPT:		PPS: 7747136E	
EMP REG:1234567T							
BASIC PAY	237.09	PAYE	94.84	<b>THIS EMPLOYMENT</b>		<b>SUMMARY OF PAY</b>	
		PRSI (EE)	0.00	GROSS PAY (Incl BIK)	1,422.54	<b>GROSS PAY</b>	
		Universal Social Charge	1.85	BIK	0.00	<b>237.09</b>	
				PAYE	589.02	<b>PAYE + USC</b>	
				PRSI (EE)	0.00	<b>-96.69</b>	
				PRSI (EE+ER)	121.82	<b>PRSI EE</b>	
				INSURABLE WEEKS	6	<b>0.00</b>	
				Universal Social Charge	11.08	<b>NON TAX ADDS</b>	
				Tax Credit	0.00	<b>0.00</b>	
				Cut Off	0.00	<b>NON TAX DEDS</b>	
						<b>0.00</b>	
<b>SUMMARY OF PAYMENTS</b>		<b>SUMMARY OF DEDUCTIONS</b>		<b>THIS PERIOD</b>		<b>NET PAY</b>	
Taxable Pay + BIK	237.09	Allowable Deductions	0.00	TAXATION BASIS:	CUMULATIVE	<b>140.40</b>	
Taxable Benefits	0.00	Non Allow. Deductions	0.00	PRSI CLASS:	A0		
Allowable Deductions	0.00	PAYE+PRSI+USC+LPT	96.69				
Gross Pay	237.09	Total Deductions	96.69				
Non Taxable Payments	0.00						

NOMBRE Y NIF DEL TRABAJADOR  
DIRECCIÓN DE LA EMPRESA



EMPRESA				DOMICILIO			Nº INS. S.S.	
TRABAJADOR/A				CATEGORIA	Nº MATRIC	ANTIGÜEDAD	D.N.I.	
Nº A FILIACION. S.S.	TARIFA	COD.CT	SECCION	NRO.	PERIODO			TOT. DIAS
CUANTIA	PRECIO	CONCEPTO				DEVENGOS	DEDUCCIONES	
30,00	42,637	1	*Salario Base				1.279,11	
		33	*Complemento a Líquido				643,86	
		34	*PPT Extras				213,18	
21,00	9,070	602	-DIETAS				190,47	
30,00	6,667	791	Anticipo Semanal					200,00
		995	COTIZACION CONT.COMU 4,70					100,40
		996	COTIZACION FORMACION 0,10					2,14
		997	COTIZACION DESEMPLEO 1,55					33,11
		999	TRIBUTACION I.R.P.F. 8,94					190,97
<b>REM TOTAL</b>	<b>P.P.EXTRAS</b>	<b>BASE S.S.</b>	<b>BASE A.T. Y DES.</b>	<b>BASE I.R.P.F.</b>	<b>T. DEVENGADO</b>	<b>T. A DEDUCIR</b>		
2.136,15		2.136,15	2.136,15	2.136,15	2.326,62	526,62		

\* Percepciones Salariales sujetas a Cot. S.S.

- Percepciones no Salariales excluidas Cot. S.S.

FECHA	SELLO EMPRESA	RECIBI		
		<table border="1"> <tr> <td>LIQUIDO A PERCIBIR</td> </tr> <tr> <td>1.800,00</td> </tr> </table>	LIQUIDO A PERCIBIR	1.800,00
LIQUIDO A PERCIBIR				
1.800,00				
IBAN:				
SWIFT/BIC:	COSTE EMPRESA:	3.108,44		

DETERMINACIÓN DE LA S.B. DE COTIZACIÓN A LA S.S. Y CONCEPTOS DE RECAUDACIÓN CONJUNTA Y APORTACIÓN DE LA EMPRESA			
CONCEPTO	BASE	TIPO	APORTACIÓN EMPRESARIAL
1. Contingencias comunes.....	2.136,15	23,68	504,13
Formación Profesional.....	2.136,15	0,68	107,82
A.T. y P.P.....	2.136,15	6,78	143,15
2. Contingencias profesionales y conceptos de recaudación conjunta	2.136,15	5,50	117,49
Fondo Garantía Salarial.....	2.136,15		
Desempleo.....	2.136,15		
3. Cotización adicional horas extraordinarias.....			

SARL X 99 BD DU BOIS		<b>BULLETIN DE SALAIRE</b>		
97139 LES ABYMES Siret : 30000000000000 Code NAF: 1723Z		Période : <b>Novembre 2018</b> Paielement le : <b>30/11/18</b> Du : <b>01/11/2018</b> Au : <b>30/11/2018</b>		
CP N-1 CP N Acquis : 30.00 / 12.48 / Total pris : 19.00 / 0.00 / Solde : 11.00 / 12.48 /		MR MICHEL ADRIEN 9 RUE DE RODRIGUE 97232 LE LAMENTIN		
Matricule : 99 NoSécu.: 170000000000000 Entré(e) le : 31/01/2000 Emploi : COORDINATEUR D ATELIER Ancienneté : 31/01/2000 Qualif : NDN CADRE Classif: POS G Coeff: 0				
Rubriques	Base	Taux salarial	Montant salarial	Mt patronal
SALAIRE DE BASE	151.67	15.8587	2405.29	
B503 13EME MOIS	200.44		200.44	
BB17 PRIME VIE CHERE	121.69		121.69	
SALATRE BRUT			2727.42	
Q100 SANTE				354.56
Sécu.Soc-Mal.Mater.Inval.Déc.	2727.42			
Q200 AT-MP				49.37
Acc. du trav. - Mal. prof.	2727.42			
Q300 RETRAITE				233.19
Sécu.Soc. Plafonnée	2727.42	6.9000	188.19	
Sécu.Soc. Déplafonnée	2727.42	0.4000	10.81	51.82
Complémentaire Tranche 1	2727.42	3.9000	106.37	159.56
Q400 FAMILLE				84.10
Famille	2727.42			
Q500 ASSURANCE CHOMAGE				110.46
Chômage	2727.42			
AGS	2727.42			4.00
Q600 AUTRES CONTRIB. DUES PAR EEMPL.				121.26
Autres contrib. dues par empl.	2727.42			
Q800 CSG déductible à l'IR				
CSG déductible à l'IR	2679.69	6.8000	182.22	
Q802 EXONERATIONS COTIS. EMPLOYEUR				-134.19
Exonérations cotis. Employeur	134.19			
TOTAL DES RETENUES			407.89	1044.22
NET IMPOSABLE			2239.73	
SP12 TITRES RESTAURANT	20.00	3.2000	64.00	
SP03 INDEMNITE TRANSPORT	16.67		16.67	
Q801 CSG/CRDS non déductible à l'IR				
CSG/CRDS non déductible à l'IR	2679.69	2.9000	77.71	
<b>NET A PAYER AVANT IMPOT SUR LE REVENU</b>				<b>2114.69</b>
dont évolution de la rémunération liée à la suppression des cotisations salariales chômage et maladie				40.36
Impôt sur le revenu	Base	Taux personnalisé	Montant	
Impôt sur le revenu prélevé à la source	2239.73	2.10	47.03	
*Net indicatif après impôt avant mise en oeuvre en 01/2019			Net payé en Euros <sup>A</sup>	
Sérigraphie (Industrie de la)			2067.66	
A défaut de Convention Collective : Coût du travail - Durée des congés payés : art.L.3141-3,6,7,11,12 - Durée prévus : art.L.1237-1 et L.1234-1 Pour plus d'informations sur le bulletin de paie clarifié : <a href="http://www.service-public.fr">www.service-public.fr</a> Dans votre intérêt et pour vous aider à faire valoir vos droits, conservez ce bulletin de paie sans limitation de durée.				

 SMIC Horaire :  
9.88

 Plafond Sécu :  
3311.00

**HEURES**

 Heures période  
151.67

 Cumul heures  
1604.95

 Cumul h.sup  
6.58

Solde rep.romp.

Solde rep.récup.

**CUMULS**

 Bases  
28853.95

 Bruts  
28853.95

 Imposable  
23472.26

 Hrs majorées  
0.00

 Allègement  
Cotis. employeur  
-183.28

 Total  
Versé employeur  
3771.64

 Paiement  
par virement

After looking at these invoices and at your own, if you have one, answer the following questions:

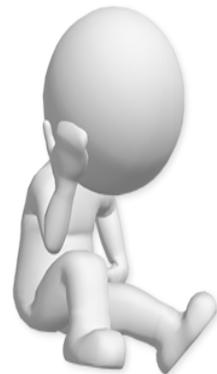
- What is the money received by the worker at the end of the month?
- Is there a difference between what the company pays and what the worker receives? Where do you think this money goes?
- What is the amount of money that is being contributed to the social security system? What percentage is it of the total cost of the worker and for the company?
- Do you see the concepts of retirement and unemployment anywhere in these pay slips?
- If you have worked or are working, do you have a copy of your pay slip each month? Do you think it is important to keep them? Why?

### Text 2

The Pay Slip – what is it and why is it important?

A pay slip is a kind of receipt or acknowledgement, both for the company and for the worker. The company shows the detail of the calculations made on the "gross salary", until reaching the "net salary" which is what we receive; and we may have to sign it (depending on the country) as a certification of having received the "net salary". What you need to check:

- The important thing is that they pay me punctually.
- That they do not pay me less than what they have told me.
- And, if I do overtime, they pay me too



In the first place, like any other document, it must faithfully reflect what was agreed in the Contract:

- Company data
- Personal information
- Date and days in the period
- Base salary
- Additional payments, if any (to add to the Base Salary)
- Deductions for Social Security / National Insurance Contributions (\*)
- Income Tax deduction (\*\*)

And, remember ... it is our responsibility to read carefully any document that we are going to sign. With our signature we are certifying, irrevocably, our agreement to everything that is said in the document: doubts and questions, and always do this before signing!

Table 1

Periodo de liquidación:		Fecha inicial	Fecha final	Total días:	30
CANTIDAD	PRECIO	CONCEPTO		DEVENGOS	DEDUCCIONES
30	59,00 €	*Salario Base		1.770,00 €	
		*P.P. Extras		240,00 €	
		*Plus de convenio		35,00 €	
		*Seguro Médico		40,00 €	
		Descuento en Conceptos en especie			40,00 €
			Cotización Cont. Comu	4,70%	98,00 €
			Cotización Formación	0,10%	2,09 €
			Cotización Desempleo	1,55%	32,32 €
			Tributación IRPPF	14,14%	289,16 €

Table 2

<b>B. TOTAL A DEDUCIR</b>		147,70
<b>LIQUIDO TOTAL A PERCIBIR (A - B)</b>	(Valor informativo en Pts: 241.476)	<b>1.451,30</b>

DETERMINACION DE LAS BASES DE COTIZACION A LA SEG. SOCIAL Y CONCEPTOS DE RECAUDACION CONJUNTA Y DE LA BASE SUJETA A RETENCION DEL IRPF Y APORTACION DE LA EMPRESA					RECIBI
1. Contingencias comunes		BASE	TIPO	APORT. EMPRESA	
Remuneración mensual	1.599,00				
Prorrata pagas extraordinarias	209,00				
Base incapacidad temporal					
<b>TOTAL</b>		<b>1.808,00</b>	<b>23,60</b>	<b>426,69</b>	Firma y sello de la Empresa
A.T. y E.P.			1,00	18,08	
2. Contingencias profesionales y conceptos de recaudación conjunta					
Desempleo		1.808,00	6,70	121,14	
Formación Profesional			0,60	10,85	
Fondo de Garantía Salarial			0,20	3,62	
3. Base de cotización adicional por horas extraordinarias					
4. Base sujeta a retención del I.R.P.F.		1.599,00			

Table 1 shows an example from Spain in which we can see the breakdown of the calculation that we will find on our pay slip, both those amounts that are added to our "base salary", as well as those others that we must deduct. Let's look at the deductions.

(\*) What are Social Security Contributions? If we look closely, we can see text by certain items.

- Common Contingencies cover the right to Health Care.
- Training provides us with the right to training, managed through the company.
- For Unemployment, in anticipation of the termination of the Contract, or loss of employment, and to be able to request a Unemployment Benefit, in its own right...

(\*\*) PIT tax is the Personal Income Tax, a deduction that the company applies to our pay, depending on our personal and family situation, on account of the income tax settlement that we must present annually. In both cases there are official reference tables that indicate both the deductions that must be applied to us, as well as the obligation, or not, to present the annual declaration and, where appropriate, the percentage that we must apply for the calculation.

In Table 2 we can see another example in which the calculation of the contribution made by the company appears, for its part, above what we actually receive. With a simple glance we will discover that the percentages are substantially greater than our own contribution.

Even so, perhaps it is not clear to us what happens with what they "take away from us". What does the company do with "our money"? Does it hurt us because we charge less? Or, maybe all this is for our own benefit ... what do you think?



All the amounts that the company deducts from your wages, together with its own contribution, are compulsorily paid to the relevant government department during the month following the date of the deduction; that is to say, to the month following the one of payment of the payroll. Likewise, the withholding tax on account of IRPF is entered in our name to the Treasury/(Government Revenue), in the next fiscal period of the company.

Thus, in fact, it manages on our behalf the contributions that we must legally make to the government (Social Security), as well as to the Treasury. Subsequently, the company will provide us with the corresponding Annual Income and Deduction Certificate so that we can properly prepare our Annual Income Tax Declaration.

However, in the end, what is the use of the pay slip? It has been said that it is a receipt; but, with our signature (in case we do sign it in our country), we also give our agreement to all the items and the partial amounts that appear in it. At the same time, it helps us to verify that they are the correct ones and correspond to our fiscal obligations, based on our salary. Of course, always, before signing!

## Activity 2

### Why is the pay slip important?

We are going to assume that, in the future, we will make a review of our working life (which includes all the jobs we have done throughout our working lives) and we detect that there is some incorrect section, or that simply some sections have disappeared. One time when we will definitely have to review will be when our retirement age approaches and we want to know the amount of the pension that we will receive.

How do you think we can show that we were also working during that time period? Where? What salary did we receive? What were our contributions and deductions? These items are reflected on each pay slip? There we have a good reason to keep them all; if necessary, it will serve to demonstrate the legal amounts contributed monthly by us and that give us the right to the corresponding benefits and services.

### Subtopic 3: Social Security

<b>Focus of this part:</b>
<ul style="list-style-type: none"> <li>✓ Am I eligible for any welfare benefits?</li> <li>✓ Can I get any benefits?</li> <li>✓ If I already receive a benefit, how long can I receive it?</li> </ul>

### What will we learn?

<b>Financial Competences</b>	a) awareness, knowledge and understanding	b) skills and behaviour	c) confidence, motivation and attitudes
	MONEY AND TRANSACTIONS(A.II, INCOME)		
	Underpinning competencies		
	Knows the sources of income earned and not earned, including government benefits, which are available and the requirements to receive them	Evaluates current income needs  Looks for ways to earn enough income to at least pay for current subsistence expenses  Maximises the use of personal income.	Is comfortable talking about income with others when necessary
	Basic competencies		
	Is aware of the reasons why an individual's net income may fluctuate  Can identify legal ways to increase income if necessary		Motivated to find a way to receive sufficient income to achieve the standard of living required today and in the future
	Understands annotations on a payment slip and the income statement The importance of maintaining an income record. The difference between gross and net income. how to calculate net income in different periods	Checks salary receipts and income statements and file them for future reference. Compares real income against expected income and seeks to identify the cause of any discrepancy  Uses gross or net income as appropriate when making decisions	
	Understands that some automatic deductions for payment may be the creation of assets and others may be paying expenses	Takes into account the full payment package, including contributions to savings or insurance when relevant, when comparing current income with alternatives	

	<p>Understands how you can obtain income from assets or investments</p> <p>Is aware that few people have an income earned in old age and recognises the importance of securing an alternative source of income</p>	<p>Makes a realistic assessment of possible future income</p> <p>Sets aside (saves) some income for retirement</p>	
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## Texts

### Text 1

#### THE SOCIAL SECURITY SYSTEM

"Ania, a Polish citizen, works for six years in Poland and then moves to Germany, where she works for two years.

There she suffers a traffic accident that leaves her unable to walk and requests a disability pension in Poland and Germany.

The German administration rejects her request for not having worked there for the minimum period of five years necessary to qualify for a disability pension.

However, when calculating Ania's working years, the German authorities should have accounted for the time she worked in Poland. The total would have reached eight years, well above the German minimum.

So Ania is entitled to a disability pension in both Germany and Poland, which must pay a proportion of the years worked in each country. "

Source: European Union. (2019). Coverage of social security abroad. Retrieved from [https://europa.eu/youreurope/citizens/work/unemployment-and-benefits/country-coverage/index\\_en.htm#shortcut-2-vives-y-trabajas-en-el-extranjero](https://europa.eu/youreurope/citizens/work/unemployment-and-benefits/country-coverage/index_en.htm#shortcut-2-vives-y-trabajas-en-el-extranjero)

## Activity 1

### What rights do we have if we go to work to another European country?

### What rights do we have if we are going to live and work in another European country?

Like Ania, many young people decide to go to work in another country, either for reasons of need - not finding work in the country of origin - or for having an interest in acquiring experience working abroad. If one day we decide to go to work in another country, we need to know the rights we have. For this, it is important to inform ourselves about European legislation on social and welfare benefits, and also about the legislation of the country of origin and the country of destination. If we are informed of our rights, it will be easier for us to know what we should do if we find ourselves in a situation like Ania's.

Have you ever considered the possibility of going to work in another country of the European Union?

Let's imagine that, like Ania, you make the decision to go to work in another country. First, choose a country in which you might like to work in the future and investigate the conditions of:

- European legislation on social benefits.
  - EU Regulation on the coordination of social security systems: <https://eur-lex.europa.eu/legal-content/ES/TXT/?uri=CELEX:02004R0883-20140101>
  - Coordinación de los regímenes de seguridad social:
  - Cobertura de seguridad social en el extranjero: [https://europa.eu/youreurope/citizens/work/unemployment-and-benefits/country-coverage/index\\_es.htm#shortcut-2-vives-y-trabajas-en-el-extranjero](https://europa.eu/youreurope/citizens/work/unemployment-and-benefits/country-coverage/index_es.htm#shortcut-2-vives-y-trabajas-en-el-extranjero)
- The legislation of our country of origin and the country of destination on social benefits:
  - You can check the website of the government of the country. In the page of "Coverage of social security abroad" of the European Union, you will find useful links of the different countries.
  - You can check the page of the European Union that explains our rights country by country: <https://ec.europa.eu/social/main.jsp?catId=858&langId=es>

Now, fill in the following table:

	IF I AM A CITIZEN OF THE EUROPEAN UNION	IF I AM NOT A CITIZEN OF THE EUROPEAN UNION
WHAT RIGHTS DO I HAVE?		
WITH WHAT CONDITIONS?		

	IN THE MY COUNTRY	IN THE COUNTRY I AM GOING TO
WHAT RIGHTS DO I HAVE?		
WITH WHAT CONDITIONS?		

Now let's reflect on what we have found, answering the following questions:

- If you are a group and have researched different countries, share what you have found with your classmates.

- Are social benefit systems the same in all countries of the European Union, or have you found differences?
- Compared with other countries, what is the social coverage of your country?
- Are the rights on social benefits different for citizens of the European Union and for people who are not?

## Text 2

### SOCIAL SECURITY SYSTEMS

"Line, a Danish citizen, lives and works in Cyprus, where she runs out of work and applies for unemployment benefits.

But she receives the unpleasant surprise that she will only be paid 156 days. In contrast, in Denmark they would have paid her for up to four years. Line did not think the difference could be that big. "

Source: European Union. (2019). Social security systems in the EU. Recovered from [https://europa.eu/youreurope/citizens/work/unemployment-and-benefits/social-security/index\\_es.htm](https://europa.eu/youreurope/citizens/work/unemployment-and-benefits/social-security/index_es.htm)

## Activity 2

### The social services in Europe

Line, finding herself in a situation in which she must apply for the unemployment benefit, has discovered that the unemployment she will receive in Cyprus is less than what she would receive in Denmark. That is because the rights and obligations that citizens have regarding access to security system benefits and social services benefits are different depending on the country in which we live; that is, the social security and social services systems are different depending on the country in which we live.

Now, we will investigate about the social services system in countries from the European Union:

- First, choose a European country you are curious about. It can be the same one you chose for the previous activity or another one.
- Once chosen the country, look for the following information:
  - Context: a short introduction that includes some information that will help us understand why the country we have chosen has a the social services structure that it has. You should find some information about:
    - A short introduction to the country's historical context.
    - The economic context.
    - The social context
    - The political context.
    - The cultural context.
  - Information about the social services in this country, based on the four pillars of the welfare estate:
    - Education.
    - Health.
    - Social Services.
    - Social Security.

If you have an interest in other areas of the welfare system such as gender equality, immigration policies, family policies, etc., you can add that to the four pillars as well.

In your investigation, you should find answers to the following questions:

- What social services (including health, education and social security and other aspects you are interested in) do we have access to in country?
- Are there any conditions to access these social services? If yes, what conditions are those?
- What do we have to do to have access to these services?
- Compare the what you have found to your country's situation.
- Prepare a presentation with the results of your investigation, and present it to your classmates.
- After the presentations are done, you can have a discussion about your findings:

- What is your impression of the social system services across Europe? Is it very different depending on the country? What are the main differences you have found?
- How can you get access to social services and social benefits in your country? Is it similar to other countries?
- In the case of the social security system, what are the conditions in your country and the countries you have researched to receive a pension?
- What do you think of the social services in your country compared to what you have researched about other countries?

## Subtopic 4: Pensions

### Focus of this part:

- ✓ **If I am not still working, what will I do when I grow old? Or, I already receive a pension, how long will they give it to me for?**
- ✓ **How many years do I have to work to qualify for a pension?**
- ✓ **Can I only apply for the pension when I grow older?**
- ✓ **Are there only pensions for older people?**

### What will we learn?

Financial Competences	a) awareness, knowledge and understanding	b) skills and behaviour	c) confidence, motivation and attitudes
	PLANNING AND MANAGEMENT OF FINANCES (B, VI, RETIREMENT)		
	Underpinning competencies		
	<ul style="list-style-type: none"> <li>-Understand why</li> <li>-It is important to consider ways to ensure financial security beyond working age</li> <li>-people are encouraged to save for their retirement from a young age</li> </ul>	<p>Makes plans to achieve financial security beyond working age</p> <p>Take into account all possible resources and relevant commitments when planning retirement</p>	<p>Take a positive attitude towards life in retirement</p>
	Basic Competencies		
	<p>Know who is entitled to a state pension [where it exists] and how much is</p> <p>He has a good knowledge of the main types of pensions available at the national level.</p>	<p>Seeks to benefit from incentive schemes to encourage retirement savings, such as equalizing employers and tax advantages when possible</p>	
	<p>Understand</p> <ul style="list-style-type: none"> <li>- that it is important to plan the retirement phase of the retirement and the accumulation phase.</li> </ul> <p>Beware the</p> <ul style="list-style-type: none"> <li>-Main options to obtain an income from a pension product in retirement</li> <li>-the risks of taking money out of savings for retirement or borrowing before retirement</li> </ul>	<p>Follow the retirement plan and make the necessary adjustments to achieve the income required in old age</p> <p>Make active decisions to manage the accumulation of savings during retirement [where relevant]</p> <p>[For older adults] Consider whether expenses are likely to increase or decrease through retirement and in accordance with plans</p>	<p>Confident to plan for retirement</p> <p>Appreciate the importance of balancing current standard of living and spending choices with goal of getting better financial choices later in life</p>

	<p>Knows</p> <ul style="list-style-type: none"> <li>the difference between optional and compulsory retirement savings</li> <li>that [in some jurisdictions] people may be automatically enrolled into a pension</li> <li>whether opt-out is possible [where relevant]</li> </ul>	<p>Consider the impact of knuckles as voluntary retirement pensions or mandatory minimum contributions in retirement savings</p>	
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## What is the origin of pensions?

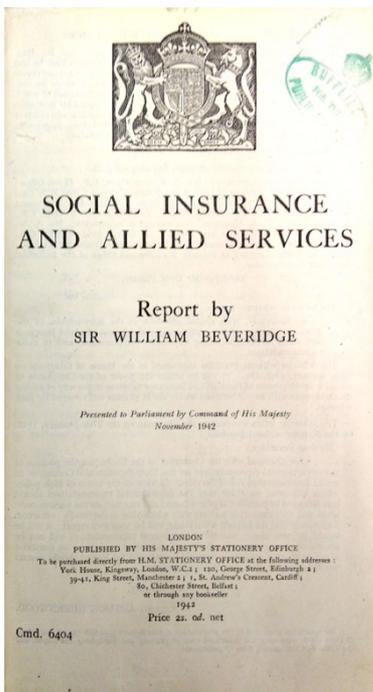


Image 1: Wikipedia. (2017). Rapport Beveridge. Retrieved from [https://fr.wikipedia.org/wiki/Rapport\\_Beveridge](https://fr.wikipedia.org/wiki/Rapport_Beveridge)

Image 2: Swiss Re. (1880). Poster "The German social insurance" (ca. 1914). Retrieved from [http://history.swissre.com/item\\_detail.php?id=75&comefrom=item\\*87](http://history.swissre.com/item_detail.php?id=75&comefrom=item*87)

## Texts

### Text 1

#### **OTTO VON BISMARCK**

"120 years ago, Germany became the first country in the world to adopt a social security program for old age, designed by Otto von Bismarck. The German Chancellor's motivation for introducing social insurance in Germany was to promote the welfare of the workers - in order to keep the German economy operating at maximum efficiency - and to avoid the demand for more radical socialist options.

Combined with the workers' compensation program created in 1884 and with the "disease" insurance policy enacted the previous year, this insurance gave the Germans a complete income security system based on social security principles. "

Source: DCOMM. (2009). De Bismarck a Beveridge: seguridad social para todos. Retrieved from [https://www.ilo.org/global/publications/world-of-work-magazine/articles/ilo-in-history/WCMS\\_122242/lang--es/index.htm](https://www.ilo.org/global/publications/world-of-work-magazine/articles/ilo-in-history/WCMS_122242/lang--es/index.htm)

### Text 2

#### **WILLIAM BEVERIDGE**

"Under the constant threat of Nazi aviation bombing of the civilian population, in June 1941, Arthur Greenwood, British Labour Minister in charge of leading the process of war reconstruction, requested Sir William Beveridge to develop the coordination work of the interdepartmental commission created for the purposes of reviewing social protection programmes and orchestrating a proposal conducive to its unification. [...] the commission, was composed, in addition to Beveridge, by John M. Keynes, Lionel Robbins and George Epps.

Beveridge advocated - focusing on the proposals for public intervention in economic activity and the achievement of full employment included in the "General Theory of Employment, Interest and Money" by Keynes - for the design of a universal social protection programme from "cradle to grave", capable of guaranteeing a minimum and "honourable" level of income for those who, in a supervening manner, found themselves in situations of precariousness due to illness, unemployment, disability or other contingencies of a similar nature; the age of retirement. In this way, it would be possible to help those most in need and mitigate potential episodes of poverty that could be faced by the human being, motivated, according to Beveridge, by indigence, disease, ignorance and abandonment. " (Del Paso) , 2011, p.96-97

## Activity 1

### Acquiring some historical knowledge

Read the two texts individually and highlight those aspects that you find most interesting. Look for information about anything you don't understand. You can also search for information about Bismarck and Beveridge's positions regarding the provision of social protection and pensions.

Then, in a group and with a moderator, share the phrases or paragraphs have been highlighted. When a phrase or paragraph is shared, explain why it has been selected, and what information has been found about it. Then, other colleagues ask for a turn and comment on the same paragraph or phrase, until there is nothing else to comment on. Then, you move to another aspect that another person has underlined.

- Some questions to guide the debate, if necessary:
- What does each of the authors contribute to the construction of social protection systems?
- What similarities and what differences are there between the proposals of one and the other?

## Activity 2

### The contributory model and the universal model

Protection or social security policies are based on two major fund models:

<b>BISMARCK: CONTRIBUTIVE MODEL</b>	<b>BEVERIDGE: UNIVERSAL MODEL</b>
<p>Context: Germany of the late nineteenth century was when Bismarck introduced a compulsory insurance system for the first time.</p> <p>It is a model that is based on the obligation to work: It provides mandatory social insurance for workers in order to meet the risks of misfortune.</p> <p>The right to social benefits does not depend on the needs, but on the contribution: based on what the worker has paid for throughout his life, he will be entitled to social benefits.</p>	<p>Context: Beveridge was a British politician who, during the Second World War, made a report that he established in the British social protection model.</p> <p>Public management of social risks: Tendency towards the universalisation of social protection encompassing every citizen and aims at the unification and homogeneity of all risks.</p> <p>Funding depends mostly on the State budget The right to benefits depends on the needs.</p>

- Make a debate about the two models, compared to the pension benefits that young people know. Some questions to guide the debate can be:

- With the knowledge we have, the social protection system and pension system that we have in our country, we believe that it resembles one of the models proposed by Bismarck and Beveridge?
- What are the advantages and disadvantages of the two models?
- What model do we think would be more beneficial to us as citizens, both now (as young people, students or workers) and in the future (as retired pensioners)?

### Text 3

#### Can I only apply for the pension when I grow old? Are there only pensions for older people?

Alberto is a 27 year old man with a degree of intellectual disability of 67%. He has worked 20 hours a week as a gardener, earning a salary of € 450 per month, for 5 years. He lives with his mother, who has a job of 30 hours a week in an office for which she is paid € 750 per month. With the salary of the two, they find it difficult to pay the rent for their flat, which costs them € 700, and they struggle to reach the end of the month when they also have to pay the bills for water, electricity, food, and other expenses. . What do you think Alberto can do? Is he entitled to any pension or benefits?

### Activity 3

#### What type of pensions are there and what conditions do they have

When you talk about pensions, you usually think only of those that refer to retirement, which is the amount of money a person receives after stopping work, but ... actually, we also have other types of pensions, such as widow's pension or permanent disability allowance. In general, pensions are divided between two types:

CONTRIBUTORY PENSIONS	NON-CONTRIBUTORY PENSIONS
Economic benefits to which we can have access if we have worked on Social Security for a certain time. It also depends on whether we meet other specific requirements for each type of pension.	Economic benefits to which we can have access, even if we have not contributed (or have not paid enough time to receive a contributory pension). To access these pensions you must prove that we have a need we must meet certain requirements.

To know what types of pensions Alberto can access, we need to do a bit of research work. Access the official website of the government of our country, in which the different pensions that exist are detailed. Some examples of types of pensions may include:

- Retirement
- Permanent disability
- Widowhood

- Orphanhood

Then, we will decide on which pensions we want to know more about, and we will divide into groups. Each group chooses a type of pension, to a) search for more information, b) select the information that seems most relevant to us, c) prepare a presentation and d) present the information found to the rest of the groups. If it is considered necessary, we can stimulate the following questions to center the search:

- What are the requirements for drawing down a pension?
- Is there an income limit?
- Are all people entitled to receive the pension in case of need, or is it necessary to have contributed to the social security system? Are you dealing with contributory or non-contributory pensions?
- How are these pensions calculated?

In addition to the official pages of the government of your country, you can also look for information from other sources that are not public administration, such as the media or social movements.

Once all the groups have exposed, the information they have found, we return to Alberto's case, and we ask ourselves: Does Alberto have the right to collect a contributory pension? And any non-contributory pension? If yes, what should be done to process it? Where can you go to receive more information and get advice about what they have to do to receive the pension?

#### Text 4

What do you need to have done to have a retirement pension after having been working?

Paquita is a 91-year-old pensioner woman, who retired 30 years ago. She worked as dressmaker, waitress and, for 29 years, in a metallurgical company. When asked about pensions in a television programme, she said:

"Someone think about the woman, who has worked, why do you have to have pensions lower than men? I do not want to take pensions away from men, I want them to give it to women. And think about those widowed women, who have not worked in order to look after the children, the husband ... because in those days you got married and you had to leave the company. [...] And I say that those women who could not work and have a widow's pension ... " (La Sexta, 2017)

#### Activity 4

##### Reflection about social conditions and their effect on our pensions

Make a debate about Paquita's statement:

- Do pensions pay men and women equally? Why?

- Women who in the past did not work because they took care of the house and the family; are they entitled to receive a pension?
- With what we have learned in the previous activity, what kind of pension can these women that Paquita mentions receive?
- What is a widow's pension in your country?
- Is the situation described by Paquita happening in your country? And in other countries?

Paquita argues that women who have worked at home, taking care of their family, now have lower pensions than men. According to data from the European Institute for Gender Equality, "The gender gap in pensions around the European Union (EU) is considerable. In 2012, the gender gap in pensions amounted to an average of 38% in the EU. Although the difference between pensions varies from one country to another - from 5% in Estonia to 54% in Germany - the tendency for men to receive higher pensions than women is observed in all Member States "(EIGE , 2015)

- Why do you think this happens? Are salaries for men and women equal in your country?
- Can you think of other groups of people that can be at a disadvantage, besides women? Why?
- We have learned before that what we contribute to the social security system, will have an effect on how much we receive for our pension in the future. With your current salary, and taking into account the law and the conditions to obtain a pension in your country, what type of pension would you receive? Do you think you will be able to cover your living expenses with that income?

# Topic 4: BANKING

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## Sections

- Banking System
  - Current Account or Savings Account
  - Investing
  - Use of ATMs
  - Paying Methods
  - Insurance
  - Loans
  - Credit, debt and overdrafts
-

## Topic 4: Banking

### Subtopic 1: Banking System

#### Focus of this part:

- ✓ **How do banks work?**
- ✓ **How does the banking system work?**
- ✓ **Banking vocabulary**
- ✓ **What is an ethical bank?**
- ✓ **What difference is there between an ethical bank and a normal bank?**
- ✓ **Is it really better?**

#### What will we learn?

	a) awareness, knowledge and understanding	b) skills and behaviour	c) confidence, motivation and attitudes
<b>Financial Competences</b>	FINANCIAL OVERVIEW (D.IV, PRODUCTS AND FINANCIAL SERVICES)		
	Underpinning competencies		
	Aware of the different types of financial products and services available (including those delivered via digital means)  Knows which features are the most important to consider when choosing financial products and services	Actively seeks information on the important features of a financial product when making a choice  Chooses and uses appropriate financial products and services from among those available (which may include those delivered via digital means)	Confident to be able to make an informed decision about using a traditional or new type of financial product or service
	Core competencies		
	Knows whether there is a universal right to basic formal financial products or services	Periodically reassesses the suitability of financial products held	Confident to ask financial service providers questions about their products and services assess the level of trust that can be invested in a particular financial service provider negotiate terms with financial service providers when necessary
Knows that the financial product or service that is appropriate for an individual depends on a number of personal and household factors which may include economic, cultural, ethical or religious preferences	Aims to choose financial products and services that are consistent with personal preferences		

	<p>Aware</p> <ul style="list-style-type: none"> <li>• that financial products [such as savings, loans, pensions or insurance according to national circumstances] can be offered through non-financial organisations such as schools, employers, shops, religious groups or leisure clubs.</li> <li>• the potential risks of using informal products [and ways to reduce them if necessary].</li> </ul>	<p>Take note of the relevant financial products and services offered through non-financial organisations and make an informed decision about their suitability.</p>	
	<p>Aware that financial products [such as savings, credit, pensions or insurance depending on national circumstances] may be offered through non-financial organisations such as schools, employers, shops, religious groups or leisure clubs of the potential risks of using informal products [and ways of reducing these if necessary]</p>	<p>Takes note of relevant financial products and services offered through non-financial organisations and makes an informed decision about their suitability</p>	<p>Aware that financial products [such as savings, credit, pensions or insurance depending on national circumstances] may be offered through non-financial organisations such as schools, employers, shops, religious groups or leisure clubs of the potential risks of using informal products [and ways of reducing these if necessary]</p>

## Texts

### Text 1

#### THE GRAPES OF WRATH

The owners of the lands or, more often, a spokesperson for the owners, came to the lands. They arrived in closed cars and felt the dry dust with their fingers, and sometimes drilled the ground with large drills to analyse it. The tenants, from the patios, punished by the sun, watched anxiously while the closed cars advanced on the fields. And finally, the representatives of the owners entered the courtyards and sat in the cars to talk through the windows. The tenants were standing by the cars for a while, and then they squatted down on their haunches and picked up sticks with which to draw in the dust.

The women watched from the open doors and behind them the children, children with corn heads, eyes wide open, one foot barefoot on top of the other and the toes moving. The women and children watched the men talk to the owners and shut up.

Some spokesmen were kind because they hated what they had to do, others were angry because they did not want to be cruel, and still others were cold, because they had discovered for a long time that you cannot be an owner if you are not cold. And they all felt trapped in something beyond them. Some scorned the mathematics they had to obey, others were afraid, and still others adored mathematics because they could take refuge in it from "ideas and feelings. If a bank or a finance company owned the land, the envoy said: The Bank, or the Company, needs, wants, insists, should receive, as if the bank or the company were a monster with the capacity to think and feel, that would have caught them. They did not take responsibility for banks or companies because they were men and slaves, while banks were machines and masters, all at the same time. Some of the envoys were somewhat proud of being the slaves of such cold and powerful lords. They sat in the cars and gave explanations. You know that the earth is poor. You've dug into it enough, God knows.

The tenants, squatting, nodded, thought and made drawings in the dust and, yes, they knew it, God knows. I wish the dust would not fly. If only the top layer did not fly ...

The men of the owners had a fixed idea: You know that the land is becoming impoverished. You know what cotton does to the earth: it strips everything, it bleeds it.

"The squatting men nodded, they knew, God knew. If they could alternate crops they could pump new blood into the earth.

Well, it's too late. And the envoys explained the mechanism and reasoning of the monster that was stronger than them. A man can keep the land if he can eat and pay rent: he can do it.

Yes, you can do it until one day you lose the harvest and you are forced to borrow money from the bank.

But you understand a bank or a company, they cannot do it because those bugs do not breathe air, they do not eat meat. They breathe benefits; they feed on the interests of money. If they do not have this they die, just as you die without air, without meat. It is sad but true. It's just like that.

The squat men raised their eyes trying to understand. Cannot we stay? Maybe next year is a good year. God knows how much cotton there will be next year. And with all the wars, God knows what price cotton will get. Do not they make explosives with cotton? Do not they make uniforms? With enough wars, "cotton will go through the roof. Next year, maybe. They looked up questioningly.

We cannot depend on that. The bank, the monster needs to get benefits continuously. He cannot wait, he will die. No, the rent must be paid. The monster dies when it stops growing. It cannot stop growing. "

John Steinbeck. "The grapes of wrath" (Chapter V) Published 1939

## Activities

### Activity 1

**After reading the text, discuss and answer the questions below:**

- What image of a bank is shown by this text?
- Does this situation remind you of anything you know about from today's world? Why does it happen that banks end up owning land or houses?
- Why did the tenants go to the banks?
- It is clear that the text is on the side of the tenants. Now write a similar text in which you put some arguments on behalf of the banks. Then, share with your colleagues the arguments for or against each other.

## Text 2

### ABOUT THE BANKING SYSTEM

The oldest bank that is still active; the Banca Monte dei Paschi di Siena, Italy, dates from 1472.

To summarise, banks traditionally receive money entrusted to them by families, companies or individuals in general, who receive interest and services in return, and lend it -with a greater interest- to other companies, families or individuals. This initial idea has been expanding and becoming more complex ever since.

### Activity 2

#### Banking services – Part I

Search through a bank's website to see what kind of services they offer to families, companies, or others. Separate operating services such as cards, transfers, current accounts and investment or credit possibilities. From these services make a list of those that you think that you are most likely to need and research the terms and conditions.

OPERATING SERVICES	INVESTMENT OR CREDIT OPPORTUNITIES

### Activity 3

#### Banking services – Part II

After exploring what services banks offer, you will know a little more about the banking system and what services you can access, under what terms and conditions. Then use that information to answer these questions in small groups and then put your conclusions together and share them:

- Do you think saving is important? Why?
- Why do we, or our families, go to banks to borrow money? Make a list of things that you think are bought through borrowing from banks.
- If banks lend money, where do banks get it from?
- What is consumer credit?
- If I want to buy a mobile phone, do I have to go to a bank? Often, products can be paid for in instalments without going through the bank, or at least that is how it seems. Look for examples of "non-bank" credit providers.
- Investigate what "fees" banks charge their clients, and when they apply.
- Look for a car sales advertisement and read the financial conditions (normally they are in small print ). Explain in your own words what they mean.
- When someone lent money to someone else, they have to trust that they will return it. Do I have to trust the banks? Does someone control them? Can a bank fail? Is there a minimum amount of money publicly insured if a bank goes bankrupt?
- Look for information on the functions of the Bank of Spain and the Central European Bank.
- What is a financial "boiler-room" scam (financial scam)? How can you find out about them and recognise them ?
- Why do you choose to be a client of a specific bank? Do a little research among people you know. Maybe the reasons are not always financial. Discuss those reasons.

#### Text 4

##### **“DON'T BANK ON THE BOMB”**

“Nuclear weapons remain the most destructive weapons ever designed. Weapons designed to devastate cities, to annihilate armies, and to vaporise populations. In July 2017, the majority of the world rejected these weapons thoroughly and unequivocally with the adoption of the Treaty on the Prohibition of Nuclear Weapons. Now, not only are nuclear weapons indiscriminate, inhumane and immoral, they are prohibited by an international treaty.

We started Don't Bank on the Bomb because everyone can do something about the threat of nuclear weapons. The private sector is quite heavily involved in the production of nuclear weapons - either as a company producing key components of the bombs, or through the financial sector. There are banks, pension funds and insurance companies around the world investing in companies building the worst weapons ever designed.

Doesn't Don't Bank on the Bomb provide a pathway for action for those who would choose the end of nuclear weapons? With the Don't Bank on the Bomb project we want to stop the production of nuclear weapons by limiting or ending investments into their producers and engaging the financial sector to strengthen the stigma against them.

There's been this growing move, really in the last decade since the 2008 global financial crisis, which puts more attention into where money is invested. It is estimated that about 25% of all wealth on the planet today is invested in a socially responsible way.

Socially responsible investments factor in key indicators and build societal norms. Environmental, Social, Governance (ESG) criteria and ESG funds are among the fastest growing within the sector. They emphasise the importance of avoiding corruption, of assessing environmental impact from operations and supply chains, and of preventing gross human rights violations. Increasingly, ESG criteria is also looking at weapons and ways to avoid exposure to the companies that produce inhumane or indiscriminate weapons”

ICAN, International Campaign to Abolish Nuclear Weapons. (2019). Shorting our security - Financing the companies that make nuclear weapons. Retrieved from [https://www.dontbankonthebomb.com/wp-content/uploads/2019/06/2019\\_HOS\\_web.pdf](https://www.dontbankonthebomb.com/wp-content/uploads/2019/06/2019_HOS_web.pdf)

#### Activity 4

After reading the text, comment on it and answer the following questions:

- Have you ever wondered where your bank invests its money? Do you think it's important to know? Why?
- In your opinion, is it ethical to invest in weapons? Why? What consequences do you think it can have, both in your country and internationally?
- This text says that we can all do something to combat the threat of nuclear weapons. What do you think we can do?

#### Text 5

##### ORIGINS OF ETHICAL BANKING

“Since 1930 the banking business, which originally had a social involvement (pawn-broking, Savings Banks, Cooperative or Mutual Banks, etc.), has been losing its original ethical features. Therefore the birth came about (through a bottom-up process) of a new generation of social banks, the so-called “ethical banks”. These have the objective of achieving a positive impact on the collection and use of money. They invest in new activities such as organic farming, renewable energies, the third sector (or non-profit sector), and Fair Trade. They respond more and more to the needs of those who are excluded from the banking system, and to the needs of savers and investors who are increasingly interested in the way their savings are used. Thanks to ethical banks, the “banking institution” can return to a path interrupted at the beginning of the twentieth century, and it can again become a development tool for the finance sector and for new social and environmental initiatives. This path goes in the opposite direction with respect to the one chosen by commercial banks, which are increasingly oriented to use financial leverage to accumulate increasing profits, contributing to the financialisation of the economy and creating the conditions for a series of financial crises that continue even today to impact the lives of millions of citizens.”

European Federation of Ethical and Alternative Banks and Financiers (n.d.). ETHICAL FINANCE. Retrieved from <https://www.febea.org/febea/news/ethical-finance-0>

### Activity 5

#### What is ethical banking?

An ethical bank is very different from a conventional one, since it offers its clients products that are not speculative and do not seek the greatest benefits, but offer a balance in the procedure between the bank, its client and society. This type of banking is closer to the citizen and tries to favour social and environmental measures. They do not invest in some kinds of companies, for example in the weapons sectors. In some cases, the structure they present is mutual or cooperative.

Now that you know what ethical banking is, do some research and complete this table with the characteristics of ethical and regular banks:

ETHICAL BANKS	REGULAR BANKS

After you complete the table, you can have a debate with your group mates about ethical banking. These questions can serve as guidance for the debate:

- Did you know about ethical banking before doing this activity? Do people of your age and your group of friends usually know about ethical banking? If yes, to what extent did you know about its characteristics?
- Now that you know the differences between ethical and regular banks, in your opinion what are the benefits and inconveniences of using one or the other? Taking this into consideration, which option is the best one for you?

## Subtopic 2: Current account or savings account

### Focus of this part:

- ✓ **What kind of accounts do I have?**
- ✓ **What do I need?**
- ✓ **Can I get access to my money?**
- ✓ **What differences do they offer? Advantages and disadvantages of each**

### What will we learn?

	a) awareness, knowledge and understanding	b) skills and behaviour	c) confidence, motivation and attitudes
<b>Financial competences</b>	<b>PLANNING AND MANAGEMENT OF FINANCES (B.III, SAVINGS)</b>		
	<b>Underpinning competencies</b>		
	<p>Understands</p> <ul style="list-style-type: none"> <li>• The benefits of having savings goals and a plan to achieve them.</li> <li>• The benefits of starting saving as soon as possible and saving regularly</li> <li>• The concept of treating personal savings as a financial commitment: sometimes it is described as "pay yourself first"</li> </ul>	<p>Identify a specific savings objective with a time frame and an approach to achieve it.</p> <p>He strives to save every time an income is received.</p> <p>Prioritises savings before some forms of discretionary spending.</p> <p>Takes measures to have emergency savings to manage financial crises.</p>	<p>Believes it is possible to achieve one's savings goals.</p> <p>Confident to set own savings targets based on realistic aspirations.</p> <p>Sees saving as a basic component of a household budget.</p> <p>Motivated to prioritise savings over some forms of discretionary spending.</p>

Basic skills		
<p>Understands the benefit of having</p> <ul style="list-style-type: none"> <li>• Emergency savings to cover financial shocks</li> <li>• Some savings in a highly accessible or liquid way.</li> </ul>		<p>Values the additional financial resistance created through saving.</p> <p>Satisfied with the current savings or motivated to increase it.</p>
<p>Knows how to evaluate the safety of different savings methods.</p>	<p>Takes precautions to keep the money saved safe.</p> <p>It worries about considering the real interest rate on the savings maintained.</p>	
<p>To understand the impact of compound interest on savings and the savings methods that makes it possible.</p>	<p>Keep saving even in a low interest rate environment.</p>	
<p>Knows</p> <ul style="list-style-type: none"> <li>• about the different savings options available [or you can find it easily]</li> <li>• that different savings products can offer different combinations of commissions, interest rates and tax exemptions</li> <li>• Where to access adequate savings products.</li> <li>• Understands that the choice of a particular saving or investment option may depend in part on the expected time horizon to achieve a savings goal</li> </ul>	<p>Investigates possible savings options.</p> <p>Controls the growth of savings and makes adjustments if necessary.</p>	

## Texts

### Text 1

#### **CURRENT ACCOUNT AND SAVINGS ACCOUNT**

Banks offer us different products to be able to manage our money, and obtain a benefit from it, by having one or another product contracted. That is also why, to be satisfied with their service, and to not have last minute nasty surprises, it is advisable to know exactly what our contract with our bank is. For example, banks offer us different types of accounts, such as current and savings accounts.

## Activities

### Activity 1

#### **What do we know about current accounts and savings accounts?**

Answer the following questions:

- Do you have either of these two types of account - current or savings - with a bank?
- If so, why did you choose one type of account and not the other?
- If you chose a current account, why did you choose it?
- Do you know the advantages and disadvantages of opening a current account? And a savings account?
- Ask in your closest environment (family, friends, etc.), what types of products they have with banks and if they know what advantages and disadvantages they have.

### Activity 2

#### **Current accounts: What are they and what are they for?**

Answer the following questions:

- What is a current account? Search online to find a form to open a current account. Read it in a group and investigate what it really means, what the bank is committed to and what the client commits to.
- Why do we use current accounts? It is not only to have money in the bank. Make a list of the services offered by the bank.
- How can we check the accounts we have in the banks? How do we receive information?
- The accounts also serve to, for example, send or receive money. Find out how a money transfer is made.

### Activity 3

#### What kind of accounts can we open and what are their terms and conditions?

In theory, banks pay interest for the capital (money) that we deposit in them. They also charge us interest if they lend us money. In addition, they may make us pay for certain services that they provide for us; these fees (charges) may be called commission. Not all banks give the same interest or make you pay the same fees. That is why it is important to compare the offers of each one. It is also true that the more money you have, in general, the better the conditions they will offer you.

If you can, answer the following questions:

- What commissions are normally applied to current accounts?
- Are there other types of accounts? What are they?
- Learn about the accounts in instalments.
- Make a table with the advantages and disadvantages of each type of account.
- Is it preferable to pay in cash or in instalments? For example, when you intend to purchase a new phone, equipment for an office (computers or a printer), or a car. For the first option you have to have the money, which is why many people save. Is this the only reason for saving? What other reasons are encouraging people to save?

### Activity 4

#### What do we use the different types of accounts for?

After knowing the different types of accounts you can contract with your bank, what types of account would you use to...?

- Pay for the mobile bill →
- Pay the house mortgage or rent →
- Pay for long-term studies →
- Receipt of scholarships, grants, etc. →
- Pay for a future trip →
- Income from the weekly or monthly salary →
- Pay for movie tickets →
- Pay for daily shopping →
- Make a transfer →
- Save money →

### Subtopic 3: Investing

#### Focus of this part:

- ✓ **What do we know about investing?**
- ✓ **What are the possible risks and rewards of investing?**
- ✓ **What should we keep in mind at the time of investing?**
- ✓ **Investing services offered by intermediaries**

#### What will we learn?

<b>Financial Competences</b>	a) awareness, knowledge and understanding	b) skills and behaviour	c) confidence, motivation and attitudes
	PLANNING AND MANAGEMENT OF FINANCES (B.IV, INVESTING)		
	Underpinning competencies		
	Learns the difference between saving and investing.  Aware that some forms of investment are more liquid than others.  Knows that the value of an investment can increase or decrease	Creates a reserve of savings before contemplating the investment.	Confident to consider if the specific objectives can be met by investing.

Basic skills		
<p>Knows the characteristics of various investment options, including risk levels and potential return [or you can easily find out].</p> <p>Understands the benefits of maintaining a diversified portfolio of investments.</p> <p>Knows why it is important to consider the general allocation of assets when you invest.</p> <p>Aware of the additional risks of making uninformed investment decisions.</p> <p>includes basic investment concepts such as risk tolerance, investment horizon, investment objectives.</p>	<p>Makes a decision that is consistent with risk tolerance, objectives and time horizon</p> <p>Create a diversified portfolio</p> <p>Monitors investments periodically and makes the necessary adjustments</p>	<p>Confident to:</p> <ul style="list-style-type: none"> <li>• undertake research on potential investments before committing</li> <li>• make investment decisions alone or with help.</li> <li>• question investment offers that seem too good to be true.</li> </ul>
<p>Has some knowledge about how to create an investment portfolio or how to request personal financial advice.</p>		
<p>Knows</p> <ul style="list-style-type: none"> <li>• that fees, commissions and other charges can be made for investment products and services.</li> <li>• how changes in inflation, interest rates and / or exchange rates can impact longer-term plans.</li> <li>• how to calculate the proportional increase or decrease in the value of an investment.</li> </ul> <p>Understands the difference between potential losses or gains whether or not they are achieved.</p>	<p>Makes relevant calculations when monitoring and managing investments.</p>	
<p>Knows that investment products such as pensions, life insurance policies, donations or trusts of units can be designed to combine various investments</p>		<p>Motivated to investigate the range of investments incorporated in investment products such as pensions, life insurance policies, donations or trusts to make an ethical and financial decision about their suitability</p>
<p>Understands that the same shares or funds may have a different purchase price on different days</p> <p>Aware that the price of an individual share may increase or decrease regardless of the changes reported in the stock market as a whole</p>	<p>Takes into account investment costs, including exit costs, before making a decision</p>	

	Aware that the value of investments in material goods such as gold can increase or decrease as a result of a series of factors	Monitors changes in the price of assets held as investment	
	Aware that human characteristics, such as emotions, can affect investment decisions in an unanticipated manner	Takes steps to make informed decisions and control emotional responses when making investment decisions	
	Understands the importance of making plans for the end of life, including consideration of dependents' financial requirements and making decisions about how costs, debts and outstanding assets should be distributed [by writing a will, where applicable]	Understands the importance of making plans for the end of life, including consideration of dependents' financial requirements and making decisions about how costs, debts and outstanding assets should be distributed [for example, by writing a will, where applicable]	Motivated to consider the long-term financial needs of the dependents.

a) awareness, knowledge and understanding	b) skills and behaviour	c) confidence, motivation and attitudes
RISK AND REWARD (C.III, EQUILIBRIUM BETWEEN RISK AND REWARD)		
Underpinning competencies		
Knows that if there is a high probability of making money with an investment, it is also likely that there is a high probability of losing money.	Identifies potential financial risks and rewards related to a decision that must be made.	Is careful not to be attracted to the big rewards without first considering the associated risks.
Basic skills		
Understands the <ul style="list-style-type: none"> <li>Relationship between risk and potential reward.</li> <li>Purposes of investment diversification.</li> </ul>	Compares the risk and reward of different financial products.  Takes into account the need for asset growth and financial security when considering investment risk  Considers the risk of using credit for discretionary expenses.	

## Texts

### Text 1

#### THE HEN WHO LAID THE GOLDEN EGGS

A certain man had a hen that laid a golden egg every day. Believing to find in the innards of the hen a great mass of gold, he killed her; when he opened it, he saw that, inside, she was the same as the other chickens. So, impatient to get a lot of wealth at once, he deprived himself of the abundant fruit that the hen gave him.

Aesop's fables. Vicens Vives.

## Activities

### Activity 1

#### What do we know about investing?

After reading the text, answer the following questions:

- What do you think about the golden egg story? Does it remind you of a situation that you have encountered or an acquaintance of yours?
- We could say that the man's hen was his inheritance, and the golden eggs the yield they produced. What could happen to us if, like the man in the story, we invest all our assets, without knowing what we are going to invest in?
- Do you think of any other way in which man could have achieved more performance, without killing the chicken?

### Text 2

#### THE CRASH of 29 and THE BIG DEPRESSION

"Among other fruits derived from this generous impulse is an article published in Ladies' Home Journal with the suggestive title of "Everyone should be rich", in which Mr. Raskob stressed that anyone able to save \$ 15 per month and investing them in solvent securities, and provided that no dividend was paid, it could obtain - when said dividends were paid - after twenty years, an approximate sum of \$80,000. It was obvious that at this speed a large number of people had before them the possibility of enriching themselves "(Kenneth, p.63)

"There is no doubt about the essential importance of the stock market in American life during the summer of 1929. Many people of different class and condition were really present in that market. Frederick Lewis Alien described the diversity of this participation in a shrewd passage of one of his works: "The driver of the rich man was driving with his ears put on the back seats to collect news about an impending move in Bethlehem Steel, he himself had fifty shares for which he had deposited a guarantee that covered a variation of 10 integers. The man who cleaned the window panes in the office of the exchange agent and stock exchange paused to observe the ticker\*, as he was considering the opportunity to convert his laboriously accumulated savings into a few shares of Simmons. Edwin Lefèvre (well-known market informant at that time and with the right to hold considerable personal experience) referred to the case of the servant of a change agent who won almost a quarter of a million playing in the market; that of a veteran nurse who reaped thirty thousand thanks to the confidences of grateful patients; and that of a Wyoming pastor who lived thirty miles from the nearest railroad, who bought or sold thousands of shares in a day (p.95)"

"Monday 21st was a sad and regrettable day. Sales totalled 6,091,870, the third highest figure in history; several thousand people who watched the market all over the country then made a disturbing discovery. There was no way to tell what was happening. Previously, in the great days of the bull market, the ticker had often been unable to follow the vertiginous movements of the market, and even after the closing did not how rich they had become, without realizing it. But the experience of a sinking market had been much more limited. Since March, the ticker

had never been delayed on declining market days. Well, many people discovered then for the first time that they could totally ruin themselves, and forever, without even knowing." (p.101)

\* Ticker: refers to a company that is listed on a stock market.

Source: Galbraith, J. K. (2007). The Crash of 1929.

The "Crash of 29" was a fall of the United States Stock Exchange that occurred in 1929, which caused banks to close due to lack of funds. This led to a crisis that not only affected the United States, but the entire world.

- Many investors were ruined and citizens went to banks to withdraw their money, so they had to close, not having sufficient funds. This led to the collapse of many banks.
- There was a huge, widespread economic recession, which is known as the "Great Depression" which affected the whole world.
- Consumption decreased and many factories and businesses had to close.

## Activity 2

### The risks of investing

After reading the text, look for more information about the crisis that occurred in 1929 and its effects, and also about the economic crisis of 2008. Then, answer the following questions:

- What would you say if you say that "anyone who can save \$15 a month and invest in solvent securities" could get \$80,000 in 20 years and get rich? Do you think it is possible?
- "Well, many people discovered then for the first time that they could totally ruin themselves, and forever, without even knowing". What does this phrase suggest? Do you know anyone who has gone bankrupt or lost a lot of money making an investment?
- Do you think there are parallels between the Great Depression and the Economic Crisis of 2008? In which aspects is there a comparison and in which not?
- Do you think that banks, governments, etc., have any responsibility over what happened, or that they could have done something to avoid it or minimise the effects? What about the citizens and investors?
- The text speaks of a "disturbing discovery", and that is for people or companies that invest in the stock market "There was no way of saying what was happening". That is, they had no knowledge of what they were investing in. In this sense, what do you think of these phrases of Warren Buffett, as well as some common sayings?

“Risk comes from not knowing what you are doing.”

“Do not put all your eggs in one basket.”

“Never invest in a business you cannot understand.”

“Buy stocks [and shares] the way you would buy a house. Understand and like it such that you’d be content to own it in the absence of any market.”

“If you aren’t thinking about owning stock for 10 years, don’t even think about owning it for 10 minutes.”

### Text 3

#### WHAT WE SHOULD WE KEEP IN MIND AT THE TIME OF INVESTING?

Sarah is a 32-year-old girl who has been working in the labour market for 10 years. Now she has had a good job in an office for a while, so she has stable income and has already accumulated some savings. A co-worker has told her that she could consider investing part of that money so that she can get a profit, and thus generate profits. She has decided, first of all, to be well informed about it.

#### How do we decide if we should invest or not, and in what?

At present, the banks in effect do not pay much or any interest on the money that you deposit in them. Therefore, one possibility is to invest in some businesses, companies, the stock market or other financial instruments.

However, before investing money you should take into account some ideas and advice.

- To invest the money which you have to spare, not the money we need for daily life or the money you may need for an unforeseen event. We must anticipate that we may have some unforeseen need. Think of what might go wrong for you and why you may need that money.
- Do not invest on credit (that is, do not invest the money you do not have). If things go wrong, you will have to pay much more.
- Do not play the same card - that is do not just invest in one place. If it turns out that things are going badly for that sector, you would lose everything.
- If you do not understand what the business is about, do not invest. It can be a great investment, but it can also be a scam.
- Take it with certain calmness. Companies sometimes go well and others not so much. If you trust, let some time pass before withdrawing the money.
- Take proper advice about everything you need to know, but in the end you decide what you think is best.

### **Basic concepts to be able to invest**

Before making the decision to invest in something, it is important to understand some basic concepts:

Risk premium: The risk premium can refer to the difference between the interest paid for the debt of one country and the interest paid for the debt of another. It can also refer to the difference between the interest paid for anyone's the debt, compared to the interest paid by another debt issuer considered as reference.

Term: The time between the beginning and the end of a transaction or contract.

Taxation: Taxation defines how many taxes you pay on your investments.

Liquidity: Liquidity refers to the possibility of transforming the investment into money more or less immediately without significant loss of its value. The easier it is to convert an asset into money, the more liquid it will be. For example, a house has little liquidity because it usually takes a while to sell.

Risk: The risk in an investment refers to the possibility of loss of that investment. There are different types of risk that we must take into account when making an investment:

- Liquidity risk: The risk of not being able to transform our investment into money when we need it, because we do not find a buyer for what we have invested in when we decide or need to sell it.
  - Systemic or market risk: It is a risk that affects the market as a whole, such as an economic crisis.
- Non-systemic risk: It is a risk that does not affect the market as a whole but rather that which we have invested in.
- Credit risk: It happens when that company, project or person in which we have invested is not able to return it or pay the interest.
- Inflation risk: Inflation is the general increase in prices in a market; "In a market economy the prices of goods and services are subject to change. Some increase and others decrease. There is talk of inflation when there is a general increase in prices that is not limited to certain items. As a result, fewer goods and services can be purchased for each euro, that is, each euro is worth less than before "(European Central Bank, 2019). Therefore, inflation risk refers to the risk that, if a country's inflation rate increases, it exceeds the profitability of our investment, so we would lose purchasing power.
- Interest rate risk: The risk that the interest rate will change, for example in the case of government bonds; if we buy 10-year government bonds at an interest of 1% and after two years the interest rate rises to 2%, we would keep the 1% interest we had contracted, and therefore we would lose purchasing power.

### Activity 3

#### The risk of investment – Part I

We have discussed some types of risk that we must know and take into account when investing. However, these are not the only ones that we can find. Next, think of other types of risk that you can find, redefine the risks with your own words (you can use examples of daily life that you can think of, and then think of strategies to mitigate these risks (or, on the contrary, if, they are risks that you cannot control).

THE TYPE OF THE RISK	DEFINITION AND PRACTICAL EXAMPLES	STRATEGIES TO COMBAT RISK
1. LIQUIDITY RISK		
2. MARKET RISK		
3. NON-SYSTEMIC RISK		
4. CREDIT RISK		
5. RISK OF INFLATION		
6. RISK OF THE INTEREST RATE		

### Activity 3

#### The risk of investing – Part II

Depending on the risk of investing in a specific product, it can also be classified as a LOW RISK or HIGH RISK product. Investing in a high risk product is possible for us. The decision as to whether it is better for us to invest in a high or low risk product will depend on our situation. In order to make this decision, we need to know:

- TIME HORIZON: How long do you think you can last without recovering the money you plan to invest? Depending on the answer to this question, you will have a shorter or longer time horizon. This affects the risk you can take, because if you need to recover your money in a short time you should choose a more liquid product (where you can recover your money in a short time), but with less profitability. If, on the other hand, you can afford to spend a long period of time without having this money, you can consider opting for a product with a higher risk and more profitability, given that you have more room to decide to recover your money in a moment that represents more benefit for you.
- PROFILE OF THE RISK: How much risk are you willing to take? All investments carry a risk. On the one hand, the greater the risk, the more possibilities we will have to obtain greater profitability. But a higher risk also implies a greater possibility of losing the money we have invested. Although it is important to know the basic concepts and take into account your time horizon before deciding to opt for a low risk product with lower profitability or high risk with the possibility of greater profitability, it is also necessary that we know ourselves, and decide how much risk we are willing to take on our savings.
  - Conservative investor: If you are a person who prefers to make investments with little risk and low profitability.
  - Moderate investor: If you are a person who is willing to take a moderate risk, with a little more profitability.
  - Risky investor: If you are a person who does not mind taking big risks to try to obtain maximum profitability.
- TAXES TO BE PAID: It refers to taxation, which as we have already learned is the type of tax we must pay according to the financial product in which we are investing.

#### Activity 4

Next, taking into account what we have already learned about the types of risk to take into account and the basic concepts that we already know, answer the following questions.

- What do you think is your risk horizon at this time? Think of different aspects that we must take into account to be able to know, for example: fixed expenses, possible contingencies, amount of income, stability of income ...
- What is the profile of your risk?
- In these moments, it would be better for you to invest in a product of low risk, high risk, or not to invest? Why?

#### Activity 5

##### **Investment services offered by intermediaries like banks**

Banks offer to be intermediaries for investment. Below you will find a small list with some of the possibilities offered:

- Invest in stock
- State bonus /state bonds or other schemes
- Shares of companies

In small groups, look for information on bank pages or visiting banks in your neighbourhood, social movements and media. Once you have collected information, answer the following questions about the three products:

- What is it? Make a small definition with your words, based on the information you have found. What kind of risk do you have?
  - Liquidity risk:
  - Market risk:
  - Non-systemic risk:
  - Risk of interest rates:
  - Inflation risk:
  - Credit risk:
- Do you think it is a high or low risk product?
- Taking into account your time horizon, type of risk and type of taxes, do you think it is a product in which you could invest? Why?

### Subtopic 4: Use of ATMs

#### Focus of this part:

- ✓ Does everyone have to know how they work?
- ✓ What security measures should be taken when using an ATM?

#### What will we learn?

Financial Competences	a) awareness, knowledge and understanding	b) skills and behaviour	c) confidence, motivation and attitudes
	MONEY AND TRANSACTIONS (A.III, PAYMENTS, PRICES AND PURCHASES)		
	Basic skills		
	<p>Knows how to assess the potential risk and benefits of different payment methods</p> <p>Aware that</p> <ul style="list-style-type: none"> <li>• some methods of payment are a form of borrowing and understands how this will affect the overall price paid</li> <li>• different types of transaction have different implications for cash-flow</li> </ul> <p>Recognises opportunities for making transactions using relevant technology</p>	<p>Uses an appropriate method for making payments, taking into account the overall cost of the method chosen</p>	
	<p>Checks</p> <ul style="list-style-type: none"> <li>• payment details, receipts and change</li> <li>• invoices and bills where relevant</li> </ul> <p>Requests a receipt if not provided</p> <p>Keeps receipts and other relevant documents related to important purchases</p> <p>Keeps track of all money paid out or spent</p>	<p>Feels safe in re-checking when it seems that an error has been made with a payment or a purchase</p>	

## Texts

### Text 1

#### THE HISTORY OF ATMs

- The first ATM was invented in 1939 by an Armenian immigrant who immigrated to the United States. This one did not have much success and fell into oblivion.
- In the 60's we heard about an ATM in Tokyo.
- John Shepherd-Barron, Scottish by birth, was the one who, in 1965, began thinking about a machine that would sell money without the presence of a person, after arriving one minute late at his bank and finding it closed.
- This made use of the mechanism of a chocolate vending machine to devise it.
- The first ATM was installed in London in 1967. Without magnetic stripe credit cards, the person used a kind of cheque with radioactive material. The customer entered it, marked 4 numbers as a PIN and the cashier gave him 10 pounds.

Banks increasingly try to use ATMs to perform various banking operations, such as paying taxes or fines, in addition to entering or withdrawing money. For the bank ATMs save on personnel, and we can have access to some services at any time of the day.

#### What can be done at an ATM?

- Withdraw and deposit money
- Pay in cheques
- Check the balance and movements of your accounts
- Make transfers
- Pay taxes, fees and fines
- Top-up a pay as you go phone

## Activities

### Activity 1

#### How do ATMs work?

Currently, ATMs are spread all over the world and provide a network service; that is, you can be far away and you can use them to get money, even if you do not do it in one of your own bank (although it is more likely that you have to pay a fee.)

But, imagine you know someone who does not know how to use an ATM.

- Write the instructions to carry out the simplest operations. Remember that they have to be clear and concise. It also includes some of the precautions that you take when making banking operations from this machine;
- Share the instructions with the others and complete them by merging the ideas of other colleagues.
- Try to investigate if there is a list of official recommendations from your bank on this subject. If there are, what do you think about them? Now that you know them, are you going to put them into practice?

### Text 2

#### THE SECURITY OF ATMs

"Only a couple of months ago the FBI reported the possibility of a global attack against ATMs, using cloned cards. And it's not the first time. Maybe it looks like a spy movie but it's a reality that is put on the brakes with technology. Practically since the ATMs appeared in the streets, frauds and robberies have increased with the sole objective that the user does not receive their money. "

"There are several methods and techniques that the media has been warning about, from the cloning of the magnetic stripe of the cards to the theft of user information or that a hacker accesses the system of the machine, hacking into his computer system. Earlier this year, the United States Secret Service was warning of a method, known as jackpotting, which would allow all the money to be extracted from an ATM at a rate of 40 notes every 23 seconds. "

Source: REDACCIÓN. (2018, November 15th). Cajeros automáticos: medidas para mantener a salvo tu dinero. La Vanguardia. Retrieved from

<https://www.lavanguardia.com/economia/finanzas-personales/20181015/452298406771/cajeros-automaticos-medidas-mantener-seguro-dinero-brl.html>

**Activity 2****What security measures should be taken when using an ATM?**

Make a list of strategies that you can use when you use an ATM, taking into account:

- How can we protect our PIN?
- Apart from the pin number, are there other mechanisms to protect our money?
- Can mobile phones and other technologies help us with other security mechanisms?

## Subtopic 5: Paying methods

### Focus of this part:

- ✓ **What kind of different payment methods exist?**
- ✓ **What card do I need, and which one can I use?**
- ✓ **What are the differences between credit and debit cards?**

### What will we learn?

Financial competences	a) awareness, knowledge and understanding	b) skills and behaviour	c) confidence, motivation and attitudes
	MONEY AND TRANSACTIONS (A.I, MONEY AND COINS)		
	Underpinning competencies		
	<p>Aware that money can take different forms (including digital) and knows what they are.</p> <p>Understands that the purchasing power of money may vary over time.</p>	<p>Takes care of money in all its forms.</p> <p>Looks for ways to manage the impact of inflation on retained money</p>	<p>Motivated to make personal decisions about the use of money that can improve financial well-being</p> <p>Recognizes that personal well-being is made up of a variety of factors, including those that are not related to money</p>
	Basic Competencies		
<p>Understands the relationship between various payment methods (including coupons, prepaid cards, debit cards or online payment facilities, where applicable) and money</p> <p>Knows how to transfer money safely to other people or entities</p>	<p>Takes into account the relative advantages and disadvantages of different forms of money when choosing which one to use</p>		

MONEY AND TRANSACTIONS (A.III, PAYMENTS, PRICES AND PURCHASES)		
Basic competencies		
<p>Knows how to assess the potential risk and benefits of different payment methods</p> <p>Aware that</p> <ul style="list-style-type: none"> <li>• some methods of payment are a form of borrowing, and understands how this will affect the overall price paid</li> <li>• different types of transaction have different implications for cash-flow</li> </ul> <p>Recognises opportunities for making transactions using relevant technology</p>	<p>Uses an appropriate method for making payments, taking into account the overall cost of the method chosen</p>	
<p>Understands that mistakes can be made when making payments and purchases, and knows how to spot them on invoices, bills and receipts</p> <p>Knows that some receipts should be kept as evidence of a purchase</p>	<p>Checks</p> <ul style="list-style-type: none"> <li>• payment details, receipts and change</li> <li>• invoices and bills where relevant</li> </ul> <p>Requests a receipt if not provided</p> <p>Keeps receipts and other relevant documents related to important purchases</p> <p>Keeps track of all money paid out or spent</p>	<p>Feels safe in re-checking when it seems that an error has been made with a payment or a purchase</p>
<p>Recognises that adverts, special offers and the media can have a powerful impact on the perceived desirability of particular purchases</p> <p>Understands that money spent on one thing is not available for something else [the concept of opportunity cost]</p>	<p>Develops strategies to minimise unintended consequences of advertising and social pressure, such as overspending</p> <p>Takes steps to make informed purchases</p> <p>Considers the overall value [or utility] of a potential purchase as well as its ticket price</p>	<p>Confident to resist pressure to make unplanned purchases</p>
<p>Knows that the actual cost of a good or service may depend on factors such as taxes or exchange rates</p> <p>how to calculate the final consumer price where this is not stated on the price ticket of an item</p> <p>how inflation and deflation can affect the future price of goods and services</p>	<p>Calculates or estimates the final price of a good or service</p> <p>Makes an informed decision about whether to make large purchases immediately or in the future</p>	<p>Confident to apply knowledge of factors such as inflation and exchange rates when making a decision about whether to delay a purchase</p>

	<p>Understands that purchase decisions should take into account the affordability of the prospective costs rather than past expenditure [applying the concept of sunk cost]</p> <p>Knows that some purchases may incur on-going costs such as maintenance or storage</p>	<p>Takes into account long-term implications of subscriptions and other purchases requiring repeated payments</p> <p>Makes an informed decision about the overall impact of options to spread payments over time</p> <p>Makes any on-going payments as agreed</p>	
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## Texts

### Text 1

#### Credit card debt trap increasingly catching older Australians

<<Louie Tolentino admits he is addicted to spending on his credit card. After 30 years of paying on plastic, he ended up \$50,000 in debt. He said most of the money was spent on overseas trips with his wife Nida. The pair has travelled to more than 30 countries.

"Like my habit of smoking, I should have stopped," he said.

"If you don't control it, it can control you."

Both Mr and Ms Tolentino are still working full time, but the credit card debt means half of Mr Tolentino's income is going to paying the minimum repayment.

"Up to last month, I was able to cover the minimum," he said.

"But then I started getting worried because I know it will go higher where I can no longer afford it."

Mr Tolentino has cut up both his credit cards and says his travel plans are now on hold while he focuses on paying off his debt. He is working with a financial counsellor from Wesley Mission, who managed to convince one of his banks to waive his credit card debts entirely. This was due to Mr Tolentino's chronic health problems, which means he needs an oxygen mask to breathe at night and uses an inhaler up to eight times a day. His other bank has put him on a manageable payment plan, but it will still take six years to pay off the \$24,000 credit card debt that remains.

The head of Wesley Mission, Reverend Keith Garner, said more older people were falling into the credit card debt trap.

"If you haven't got a good income it's one way of putting things off," he told 7.30.

"Paying for a bill and hoping by the next time the bill comes along that you're able to tackle things, that's one of the saddest things.

"That's why older people in particular are very vulnerable."

He is calling for more reform of credit cards, pointing to the fact that the cash rate is at a record low of 1 per cent, but it is still common for credit cards to charge interest rates above 20 per cent>>

Source: Holman, J. (2019, 15 de julio). Credit card debt trap increasingly catching older Australians. ABC Nawa Online. Recuperado en <https://www.abc.net.au/news/2019-07-15/credit-card-debt-overwhelming-older-australians/11293712>

## Activities

### Activity 1

#### Credit cards and debt

After reading the text, answer the questions:

- The article talks about the debts that some people get to have, due to the credit used for their credit cards, and that is a situation that affects especially the elderly. Do you think that this can also affect young people? Has it ever happened to you or do you know someone who has passed it to you?
- Credit cards can be useful, but they can also lead to a debt situation. Do you think that Louie Tolentino could have avoided coming to this situation? How? Make a list of strategies that you could use to avoid it.
- Louie Tolentino spent 30 years accumulating credit until he had a debt of 50,000 dollars. Do you think the situation would have been different if, during the first months in which he could not pay the loan he had used within the stipulated period, he would have prioritised filling that gap instead of continuing to ask for more credit? Make a list of strategies that you can use to save more for a few months and cover a loan that you have not been able to pay for 500€.

### Activity 2

#### Types of cards: credit cards, debit cards and more.

The main difference between debit cards and credit cards is that, when the first ones are used, we are paying with money that we already have in the account. That is, we can use as much money from our debit card as we have money in the account (unless we have set a daily or monthly limit). When we use the credit card, instead, we are using money that the bank lends us and then we will have to pay back with an interest. The amount of interest depends on the time it takes to return that money and the contract we have with our bank (payment at the end of the month, by a percentage or with a fixed fee). But, there are not only credit and debit cards, but there are also other types:

- Credit card.
- Debit card.
- Prepaid card.
- Revolving cards.
  
- Purchase cards (from non-financial entities)

In the table below, write down the answers for each of the different types of cards mentioned (you can add other types of cards if you know more), searching for information online and asking at your bank:

	Basic characteristics	Do they have commissions?	In what situations can we use it?	Do they accept it in all shops? And in all countries, if we travel abroad?
CREDIT CARD				
DEBIT CARD				
PREPAID CARD				
REVOLVING CARD				

## Text 2

### THE HISTORY OF MONEY

Hunter-gatherer societies and the first agricultural communities were based on the exchange of goods and services, as well as favours and obligations among the members of a community. Within a community, for example, one person could be especially skilled at making fabric, another at caring for the sick, and each knew where to go if he was ill or needed to get a new warm garment. Everything that was produced was for the subsistence of the community itself.

As the communities grew, the work became increasingly specialised, and in exchanging products and services between members of different communities. Products were returned in merchandise, a person could go on to make fabrics to get other products such as wine that was made in another town. But direct exchange has its limitations; a person can make wine to exchange it for a coat, but the weaver may not be interested in the wine. The weaver could use the wine to get other products he wants or needs, and to act as an intermediary to exchange other products, but perhaps he could not devote so much time to weaving. This is how the figure of the merchant starts to appear, who specialise in making exchanges between different producers.

By having products that were easier to exchange, some came to have main use and to be used as an exchange value, such as salt or corn in Inca society. The word salary comes from the salt with which the legionaries were paid in Roman times. But it could also be a product that people were willing to accept as an object that would give value to the exchange of goods and services, being what gave rise to money, which does not necessarily have to be represented by a ticket or a currency. For example white shells have been used as money for millennia in Africa, Southeast Asia, East Asia and Oceania.

## Text 3

### MOBILE MONEY

“Apple Pay. Venmo. Google Pay. WeChat Pay. These days it seems like there’s a way to pay with just about any device or service. And that’s good. Mobile payment services make it easier and safer for people to send money - which benefits people without easy access to a bank.

But in some places this isn’t new. In fact, if we look back at the history of mobile payments - we’re actually playing catch up. Since 2007, Kenya’s M-PESA has revolutionized the way people spend, save, and send money. [...]

M-PESA uses your phone like a wallet. Repurposing your SIM card and phone account into a bank account for virtual currency (that’s just a fancy word for a digital account balance), M-PESA also allows you to pay for things like rent or utilities and send money to others.

Rather than needing to download an app, M-PESA works directly over your phone account. Sending money is like sending a text. When you want to send money, your phone will generate something called a “quick code” that transmits the request over the carrier’s computers. Confirm the transaction and voila, your money is sent. [...]

One of the main reasons for M-PESA’s almost universal success in Kenya was the ease and speed of sending money. Many Kenyans who works in cities have relatives still living in rural (farm) regions, which are expensive to travel to or lack the infrastructure to send cash by post.”

Source: McGath, T. (2018, 9 de abril). M-PESA: How Kenya revolutionized mobile payments. N26 Magazine. Retrieved from <https://mag.n26.com/m-pesa-how-kenya-revolutionized-mobile-payments-56786bc09ef>

### Activity 3

#### Payment methods

The most common forms of payment that we tend to use in our day to day lives are cash or cards. But there are other forms of payment, such as cheques or transfers. Below you have a list of different forms of payment. As a group, investigate:

- Cheques.
- Different types of cards.
- Transfers.
- Cash.
- Mobile money.

After you have found the information you need, answer and discuss these questions:

- What characteristics do these forms of payment have?
- In what situations can you use them?
- Does using them mean paying a commission?
- What advantages and disadvantages do they have?

## Text 4

### **BANKS OF TIME: THE BANK WITHOUT MONEY**

“People engage in time banking - an alternative currency system, in which hours of service takes the place of money - in dozens of countries worldwide. For decades, it has been a relatively small-scale movement. But signs are emerging that it may be an idea whose time has come.

Thirty-five years ago, one of us (Edgar S. Cahn) started to experiment with a new way to link untapped social capacity to unmet social needs. He created a practice known as “time banking” - a mode of exchange that lets people swap time and skill instead of money. The concept is simple: In joining a time bank, people agree to take part in a system that involves earning and spending “time credits.” When they spend an hour on an activity that helps others, they receive one time credit. When they need help from others, they can use the time credits that they have accumulated.

Long before Occupy Wall Street, time banking represented a commitment to pursuing a more equitable and inclusive economic order. Those of us who developed time banking wanted to show that a different kind of currency could exist alongside the dollar. We refused to give money a monopoly on the definition of value. The money-based market system fails to reward many types of critical work - the work of raising healthy children, building strong families, caring for the elderly, revitalizing neighbourhoods, preserving the environment, advancing social justice, and sustaining democracy - and we believed that there should be a way to honour and reward that kind of work.

In broad terms, time banks help people draw on the capacities of their community in order to confront challenges both old and new. Three benefits of the time bank model are worth emphasizing. First, time banking allows each person to define himself or herself as a worker who contributes in a measurable way to advancing the public good or to solving an urgent social problem. Second, time banking enables a community to gauge its social capacity and to mobilize its resources to fill unmet social needs. Third, time banking provides large-scale social welfare systems with a framework for engaging the recipients of services as active collaborators in achieving outcomes. Instead of being passive recipients of those services, beneficiaries can gain new skills, build new connections, and become agents of social change in their own right”

Source: Chan, S., Gray, C. (2015). The Time Bank Solution. SSIR. Retrieved from [https://ssir.org/articles/entry/the\\_time\\_bank\\_solution](https://ssir.org/articles/entry/the_time_bank_solution)

## Activity 2

### Alternative ways of paying

After reading the text, answer the following questions:

- Do you think a Time Bank could have utility in your village, neighbourhood or city? Are there any? What benefits could it have for you?
  
- Do you know people around you -or yourselves- who spend a great deal of time, for example on household chores, without receiving monetary remuneration for it? Do you think that kind of work is as valued as other types of work that do receive monetary compensation? How could a time bank be a solution to this situation?
  
- Do you know other alternative ways to exchange money - or value? Which? You can research online or by asking people around you.

## Subtopic 6: Insurance

### Focus of this part:

- ✓ **What is an insurance and what is it for?**
- ✓ **What type of insurances are there?**
- ✓ **What are the benefits and consequences of having or not having an insurance?**

### What will we learn?

Financial competences	a) awareness, knowledge and understanding	b) skills and behaviour	c) confidence, motivation and attitudes
	RISK AND REWARD (C, III, FINANCIAL SECURITY NETWORKS AND INSURANCE)		
	Underpinning competencies		
	Knows how to create a financial safety net such as rainy day savings calculate how long it will take to build a safety net that could cover three month's income  Understands the role of insurance in managing risk	Has a financial safety net, or a plan to create one	Motivated to - create a financial safety net purchase insurance against adverse events or outcomes with a financial consequence [where relevant]
	Core competencies		
	Understands that some financial risks can be managed without insurance the implications of being uninsured or over-insured  Knows when insurance is a legal obligation which insurance products are designed for which situations	Considers the benefits of insurance when risks have been identified  Uses appropriate insurance products  Periodically checks that insurance held is still providing adequate cover  Claims on the appropriate insurance if necessary	
		Builds and maintains an adequate financial safety net through savings and other financial products as necessary	

## Texts

### Text 1

#### **BENEFITS AND CONSEQUENCES OF HAVING OR NOT HAVING INSURANCE**

Alex has a car, so by law he had to take out at least third party insurance that consists of paying the minimum amount, which covers other people and other vehicles, but not the car itself or him if something happens to him. Voluntarily, he could also have decided to buy extended third party insurance (paying a little more, does not cover only the damage caused in others, but also covers some of the damage to the car itself depending on the priorities and needs) or fully comprehensive insurance (which covers both the driver and the insured car as well as third party costs).

What happened to Alex is that a few days ago he had a car accident. Nothing serious happened, but it did cause some damage to the car that must be repaired, which amount to €500. After the accident he was nervous and did not , properly read the form which was filled in by the person driving the other car involved in the accident. Reading the form later, he realized that he had signed that the fault was his, when in fact it was the other person who wanted to leave a roundabout from the inside lane, without any warning. Now he has decided that he will go to court against the other person, but meanwhile, as the insurance he had taken out was third party only, he must cover the cost of the repair in order to have the car for his travels. This means that, maybe, this summer he cannot go on vacation to Belgium with his friends, as he had planned.

#### **RISKS OF THE MULTI-CURRENCY MORTGAGE: INSURANCE OF CHANGE**

On a more domestic level, we could talk about financial products that are newly on the market, and depend on certain circumstances of the market.

A clear example would be the so-called Multi-Currency Mortgages that offered better interest rates than those corresponding to the Euro at that time: a clear advantage to reduce burdensome monthly instalments. Multi-Currency Motgages consist on agreeing to pay the mortgage with a currency different than the one your country has; for example, you could choose to pay your mortgage in yens (Japanese currency) instead of euros. This became very popular around 2008 in some European countries, and it was said to be useful because the interest rates differ a lot from one country to the other, and this affects the currency of the country, and this affects the amount the bank calculates that you should pay for your mortgage.

However, this also has risks that we cannot oversee. The most important risk is that the money to be paid in instalments for your mortgage will not be a fixed one; it will raise or decrease depending on the interest linked to the currency you chose. Therefore, the money you owe every month varies, and it can increase without limit.

Back in the day, many people did not make the corresponding coverage hedge of the exchange risk for each of the currencies involved, applicable at the time of its settlement against the Euro. Also, many banks did not inform their clients properly of the high risk this type of mortgages have. Thus, an apparent saving in the interest rate (in terms related to the corresponding amount and term) became a heavy financial burden (in absolute terms).

## Activities

### Activity 1

#### What are insurances and what are they for?

It is important to know the financial products that we buy and the different types of risk that we must take into account. Although there are products with a higher risk than others, there is always a risk (even if it is low). When we think about having a business or in our personal life, there are also risks that we should know about and take into account. It is for this reason that there is the possibility of taking out insurance. When we take out insurance, we pay an annual or monthly fee, so that if there is an unforeseen event, the insurance company will solve the problem or will cover all or part of the amount the amount of the damage caused (depending on the insurance policy details and the circumstances).

### Text 2

#### Types of insurance

In Text 1, we see that Alex has had an accident with his car and now has to face the expenses. Similar things can happen to us when we have a business; What happens if we have a shop and someone breaks in overnight and steals something? Who covers the expenses of the items which have been stolen or any damage caused? If we do not have insurance, we will have to cover that expense ourselves. We must think about what the risk is and how much money would be involved if a situation like this arises. Even so, we must bear in mind that some insurances may be required by law, such as public liability for businesses, or car insurance for vehicles. Some of the different types of insurance are:

- Personal insurance: life, accident and illness.
- Insurance for the provision of services: travel assurance, funerals (funerals and other expenses derived from a death) and legal defence.
- Insurance against damage: compulsory, voluntary, fully or partly comprehensive.
  - . Next, make a table with the similarities and differences between insurance against damage (mandatory, voluntary,) and think about what would be better to hire in the following situations:
    - Theft insurance if we have: a restaurant, an office or a shop.

- Merchandise insurance: if we have to transport merchandise from our business.
- Insurance for anyone we employ, if we have a business.

Remember that some of these types of insurance are compulsory but that even if the insurance is voluntary, there is always risk of an unforeseen event that could result in financial losses compared to cost of the insurance usually has, and make informed decisions.

### Text 3

#### **MICRO-INSURANCE: A MECHANISM FOR WOMEN'S EMPOWERMENT THROUGH SELF HELP GROUPS (SHGs)**

“SHG membership leads to better social insurance in terms of the amount of money they expect to collect in times of emergency, and this allows these families to smooth consumption and absorb these shocks” (International Initiative for Impact Evaluation, 2019).

“Micro finance is the process of formation of groups to support the poverty incapacitated people by extending money without any collateral security. Micro finance includes savings accounts, insurance products and credit provided to low income unbanked people to increase their economic status in the society. Micro-insurance is a shelter against the hazards of low-income people in exchange of a premium in proportion with the possibility and cost of risk associated. A micro-insurance policy may be a general or a life insurance and done through Non-Government organizations, Self-help groups and Micro-finance institutions. Life Insurance Corporation of India has three micro-insurance products namely, Jeevan Madhu, Jeevan Mangal and Jeevan Deep” (Amudha, Selvabaskar, Motha, 2014).

Sources:

- Amudha, R., Selvabaskar, S., & Motha, L. C. S. (2014, November). Micro-insurance: A mechanism for women empowerment through self help group linked LIC. In 2014 International Conference on Science Engineering and Management Research (ICSEMR) (pp. 1-3). IEEE.
- International Initiative for Impact Evaluation . (2019). Do self-help groups empower women? Evidence from a systematic review. Retrieved from <https://www.3ieimpact.org/evidence-hub/publications/systematic-review/do-self-help-groups-empower-women-evidence-systematic>

## Activity 2

### What is a micro-insurance?

This text describes how there are cases, especially in India, in which women join in mutual aid groups to exchange information about financial services, but also to access "micro-insurance". This helps them in case of small incidents, or if for example due to a flood or other incidents they do not get as much harvest as they expected, which would represent a loss for them.

Answer the following questions:

- Look for information about what a micro-insurance is and write a definition in your own words.
- What are the differences and similarities between traditional insurance and a micro-insurance?
- Find out in which cases and how micro-insurance can be contracted.

### Subtopic 7: Loans

<b>Focus of this part:</b>
<ul style="list-style-type: none"> <li>✓ <b>What does a loan mean?</b></li> <li>✓ <b>Do you have to pay interest?</b></li> <li>✓ <b>When is it safe to take out a loan?</b></li> <li>✓ <b>What does a mortgage involve?</b></li> <li>✓ <b>What are the advantages and disadvantages?</b></li> </ul>

### What will we learn?

	a) awareness, knowledge and understanding	b) skills and behaviour	c) confidence, motivation and attitudes
<b>Financial Competences</b>	PLANNING AND FINANCE MANAGEMENT (VII, CREDIT)		
	<u>Underpinning Competencies</u>		
	<p>Understands the Implications of a Credit Commitment on Available Income Future importance of evaluating the ability to pay before borrowing money</p> <p>Knows or can easily investigate the</p> <ul style="list-style-type: none"> <li>• different types of credit available (including credit cards and mortgage products, where applicable)</li> <li>• The intended use of different types of credit</li> <li>• The main advantages and disadvantages of each</li> </ul>	<p>Uses credit only when necessary and after considering the consequences</p> <p>Makes timely payments on all credit commitments [unless personal circumstances deteriorate]</p>	<p>Motivated to consider the consequences of accessing credit before making a decision to seek alternatives to borrowing</p> <p>Confident in choosing an adequate credit provider and a product when necessary</p>

Basic skills		
<p>Understands the importance of trying to pay more than the minimum balance in flexible credit commitments</p> <p>Aware of the risks of repeated use of revolving credit facilities</p>	<p>Returns the maximum possible [taking into account budget constraints] in short-term loans or commitments Rotating</p> <p>Considers the general financial benefit of repaying the loan in advance [when applicable] and makes an informed decision when the funds permit.</p> <p>Make decisions to borrow and manage any credit commitment within a budget.</p> <p>Evaluates the total cost of credit and the likelihood of able return before making a decision to borrow money</p>	<p>Confident to manage credit Commitments</p>
<p>Can differentiate between the use of credit to generate or increase future income or wealth and use of consumer credit</p>	<p>Takes Consider the potential to generate or increase future income or wealth by deciding whether to apply for a loan</p>	
<p>Aware of the possible negative consequences of the loans to cover a shortfall in current income</p> <p>Knows if a loan is insured against an asset, and can evaluate</p>	<p>Chooses the credit products carefully [once the decision to take a loan has been made], taking into account factors such as the interest rate, the general cost and flexibility, as well as the amount to be paid in regular reimbursements.</p>	

## Texts

### Text 1

#### The Romans and loans

It has been several millennia since people learned how to make loans. At the beginning, loans were things were lent. In Babylon, money was already being lent. In the Bible we can read, in the Psalms, "The wicked borrow and never repay, but the godly are generous givers" In ancient Rome, women often resorted to borrowing. They left some valuables as collateral for the borrowed money. The money had to be returned with interest.



Aurelia is borrowing fifty sesterces from Bibiana. The sesterco was a Roman coin that at first was silver, which was equivalent to a quarter of a denarius. It began to be used around 212 BC and served to replace copper as a monetary standard. Later, during the imperial era, the sesterces were minted in bronze first, and later in brass. Bibiana replies yes, but she lends it at 6% interest. The interest rate is the amount of money that is paid for each unit of money borrowed, in a given time. For example, when we ask for a loan to buy a car, they give it to us at a certain interest rate, over a specific number of months. If Aurelia has to return the fifty sesterces that Bibiana lends at 6% interest, after two months, how much money will Aurelia have to give Bibiana?

$$I = C \cdot i \cdot t$$

## Simple interest

Interest is the money earned from a loan (or other investment) by the lender (or investor). A percentage of the initial amount is agreed.

In the formula above, I means "interest," C means "capital," "i" is the interest rate (or percentage), and "t" is time.

Aurelia asks Bibiana for 50 sesterces, and Bibiana offers them at 6% and for two months. Therefore, in this case, our data are:

C (Capital) is 50 sesterces

i (interest rate) is 6% (you always have to write in the formula like this:

t (time) are both the months in which Aurelia has to return the loan to Bibiana

$$I = C \cdot i \cdot t = 50 \cdot \frac{6}{100} \cdot 2 = 6 \text{ sesterces}$$

After two months, Aurelia will have to return Bibiana the 50 sesterces, plus six sesterces more, of interest.

## Activities

### Activity 1

#### Interest

Complete the following table:

Capital	Interest rate	Time	Benefit	Total to be repaid
35	4%	2 months		
186	3%	12 months		
325	6.5%	24 months		
87	12%	1 month		
984	7.3%	36 months		

## Text 2

### The Medici, loans and debts



The Medici were a family of the great bankers who financed the Renaissance in Europe. Cosmo de Médici initiated the trajectory of a family that would be known as much for its work as the bankers of the great personalities of the moment, including the Pope in Rome, for its taste in art, that opened the doors to the Renaissance.. One of the business forms of the Medici family was the loan of large amounts of money, which had to be returned according to agreed conditions. A "loan" is defined as the "amount of money requested, generally to a bank or other financial institution, with the obligation to return it with interest" (as defined in the Dictionary of the Royal Spanish Academy). The granting of

a credit generated, automatically, a "debt", which is the amount of money that the person receiving the credit has to return according to the agreed conditions. We currently call it amortization to repay the amount of money from the loan we have received. That amount must always be added to the interest. The result is the fee that we have to pay each month to the bank.

Over time, two different ways of calculating the quotas to be paid to the bank have become popular in Europe: The French and German systems. The most used is French, which is usually the one that always appears in the loan contract that we signed with the bank, by default. German is rarely used, and often is not even contemplated in the bank regulations.

The formula that is used to make the quota calculations is usually this:

In this formula, C means quota, V means amount borrowed , the i corresponds to the interest (in percentage) and the n is the number of installments that are going to be paid.

$$C = V \cdot \frac{(1+i)^n \cdot i}{(1+i)^n - 1}$$

For example, imagine that Pietro from Florence wants to buy a new carriage. But they ask for 1234 silver coins, and he only has 234. He needs a loan of 1000 silver coins, in order to buy the car. Then, he decides to go to the bank of the Medici, to ask for 1000 silver coins on loan. Cosme de Medici tells him that of course he will leave the money, but with an interest of 3%. They reach an agreement that Pietro will repay in 12 installments.

## FRENCH METHOD – FIXED FEES

What Pietro has to pay each month is the sum of the fee and the amortization. In the French method the quotas are always fixed. It is the result of applying the formula we have presented above. On the other hand, the amortization is calculated by subtracting the fee minus the interest that must be paid for the debt that is owed. This interest will be less and less, because there will be less and less money to return. Let's see it in a table.

Num	Fee	Interest	Amortization	Balance	Debt extinguished
0	0.00	0.00	0.00	1,000.00	0.00
1	100.46	30.00	70.46	929.54	-70.46
2	100.46	27.89	72.58	856.96	-143.04
3	100.46	25.71	74.75	782.21	-217.79
4	100.46	23.47	77.00	705.21	-294.79
5	100.46	21.16	79.31	625.91	-374.09
6	100.46	18.78	81.68	544.22	-455.78
7	100.46	16.33	84.14	460.09	-539.91
8	100.46	13.80	86.66	373.43	-626.57
9	100.46	11.20	89.26	284.17	-715.83
10	100.46	8.53	91.94	192.23	-807.77
11	100.46	5.77	94.70	97.54	-902.46
12	100.46	2.93	97.54	-0.00	1000.00
	1205.55	205.55	1000.00		

In this table, the share is always 100, 46 silver coins. This number comes from:

$$C = V \cdot \frac{(1+i)^n \cdot i}{(1+i)^n - 1} = 1000 \cdot \frac{(1+0,03)^{12} \cdot 0,03}{(1+0,03)^{12} - 1} = 100,46.$$

The interest is always 3% of the money that has to be returned. As at the beginning Pietro has to return the 1000 coins, 3% of 1000 are 30 coins. Amortization is the currencies that range from 30 to 100.46 (which is the fee you pay each month). In this case, in the first installment it has amortized 70.46 currencies, so it still has to return a total of 929.54 currencies (outstanding debt or balance). This balance is re-applied to 3%, which will give us the interest that Pietro will have to pay the next time he returns a fee. At the end of the twelve installments, you will have returned the 1000 silver coins. But, in addition, he will have paid 205,55 more coins, as interest. Therefore, Cosme will have won those 205.55 silver coins for having left the money to Pietro.

### GERMAN METHOD – VARIABLE FEES

The German method is a bit different. Here what is always fixed is amortization. On the other hand, what varies are both interest and fees (which is the sum of interest plus amortization). Let's see it in a table.

Num	Fee	Interest	Amortization	Valance
0	0,00	0,00	0,00	1.000,00
1	113,33	30,00	83,33	916,67
2	110,83	27,50	83,33	833,33
3	108,33	25,00	83,33	750,00
4	105,83	22,50	83,33	666,67
5	103,33	20,00	83,33	583,33
6	100,83	17,50	83,33	500,00
7	98,33	15,00	83,33	416,67
8	95,83	12,50	83,33	333,33
9	93,33	10,00	83,33	250,00
10	90,83	7,50	83,33	166,67
11	88,33	5,00	83,33	83,33
12	85,83	2,50	83,33	0,00
	1.195,00	195,00	1.000,00	

In this table the amortization are always 83,33 silver. This amount comes from calculating 1000 silver coins that Pietro borrows, to be repaid in twelve installments. If we divide 1000 by 12, the result is 83.33 ... which is the amount that has been taken, as fixed, for amortization. Again, the interest is calculated on the money that is still to be returned (the balance of the debt), applying 3%. And the quotas result from adding the amortization (fixed) plus the interest (3% of what remains to be returned). As can be seen, in this case Cosme earns less for having lent 1000 silver coins to Pietro, than in the case of the French method.

### Text 3

#### "The house of my dreams"

Buying a house is usually a large operation, for which we do not have enough money and we need to request a loan that we then have to repay, monthly. In this case, we are facing a specific application of the loan concept, which we have seen in the previous situation. The formula used to calculate what we have to pay in each installment is the same as the one shown above. And in the same way, the same calculation methods are usually applied

To explain how the mortgage works, let's give an example. Imagine that Virtudes wants to buy a flat in Barcelona. It turns out that the one he liked costs 165,000 euros. After **visiting several banks, and comparing several plans**, he decides to stay with one in which they lend him 80% of the purchase price of the apartment he wants to buy, to be repaid over 40 years. As 80% of 165,000 euros are 132,000 euros, the bank is committed to lend that amount to Virtudes. In addition, the bank offers the money at an APR (Annual Percentage Rate) of 3%, which will be fixed for the whole time that Virtudes takes to pay back the money.

In more detail:

Land value: 165,000 euros

Loan: 132,000 euros

APR (annual interest):

3% Duration: 40 years

To apply the above formula, we need to know what interest is applied each month (because Virtudes will have to pay dues each month), and see how many months there are in 40 years.

3% annual  $\frac{3}{12}$  monthly interest =  $3/12 = 0.25$

In 40 years there are 480 months.

If we apply the above formula, the quota will be the following:

$$C = V \cdot \frac{(1+i)^n \cdot i}{(1+i)^n - 1} = 132000 \cdot \frac{(1+0,25)^{480} \cdot 0,25}{(1+0,25)^{480} - 1} = 472,54 \dots$$

Therefore, every month (for 40 years) Virtudes will have to pay 472,54 euros. The following table are the first installments to pay, and the last (using the French method):

Num	Fee	Interest	Amortization	Balance	extinguished debt
0	0.00 €	0.00 €	0.00 €	132.000,00 €	0.00 €
1	472.54 €	€	330.00142.54 €	131.857.46 €	-142.54 €
2	472.54 €	329.64 €	142.90 €	131.714.56 €	-285.44 €
3	472.54 €	329 , €29 €	143.25 €	131,571.31 €	-428.69 €
4	472.54 €	328.93 €	143.61 €	131.427,70 €	-572.30 €
474	472.54 €	8.19 €	464.35 €	2,810.59 €	-129,189.41 €
475	472.54 €	7.03 €	465.51 €	2.345,08 €	-129,654.92 €
476	472.54 €	5.86 €	466.68 €	1.878,40 €	- €130.121,60 €€
477	472.54 €	4.70 €	467.84 €	1,410.56 €	-130,589.44 €
478	472.54 €	3.53 €	469.01 €	941.55 €	-131.058.45 €
479	472 , €54 €	2.35 €	470.19 €	471.36 €	-131,528.64 €
480	€472.54 €	1.18 €	471.36 €	-0.00 €	-132,000.00 €
	<b>226,818.93 €</b>	<b>94,818.93 €</b>	<b>132,000.00</b>		

Finally, Virtudes will have paid a total of 226,818, 93 euros, when he finishes paying her flat.

## Activity 2

### Mortgages

If we want to buy a house, it is normal that we do not have all the money necessary to pay it at once. Banks offer, under certain conditions, a mortgage, which is a long-term loan (sometimes up to 30 years or more) to buy the home.

Each month you will have to pay back part of the money that you have borrowed and part of the interest charged to you for paying it. The longer the mortgage lasts, the lower the monthly cost. It is a difficult decision.

In addition, you have to decide if the mortgage is made at "fixed interest" - you always pay the same interest - or "variable interest" - it can change over the years the mortgage lasts. If it is fixed, it is somewhat more expensive at first, but it could be perhaps better if the interest rates rise in future. If it is variable, it may go up or down.

Banks do not lend all the money, they usually lend towards 80% of the total. For example, if a flat costs €130,000, the bank will lend you €104,000.

Also, to make the loan there are some considerable initial expenses. The websites of banks offer mortgage simulators.

In a group, look for different offers and compare.

## Activity 3

### Calculate your own mortgage

Try to calculate by the French method, and by the German, your own mortgage. Imagine that you are buying a flat. For this you ask for a mortgage of 175,000 euros. They offer it to an APR (annual interest rate) of 3.5% and they tell you if you want it variable or fixed. You say you want it fixed. They grant you the mortgage for 25 years. How much money will you have paid using the French method? And the German?

## Activity 4

### What happens when we cannot pay a mortgage and what can we do?

Mortgages are not just numbers. They are the biggest and most durable investment of many families. And sometimes you cannot pay, with very harsh consequences for families who may not have a basic right to housing in practice.

Check the website of a social entity for solidarity and mutual help, for example:

- Housing Europe: <http://www.housingeurope.eu>. Established in 1988, Housing Europe is a network of 45 national and regional federations which together gather about 43,000 public, social and cooperative housing providers in 24 countries. Altogether they manage over 26 million homes, about 11% of existing dwellings in the EU. Social, public and co-operative housing providers have a vision of a Europe which provides access to decent and affordable housing for all in communities which are socially, economically and environmentally sustainable and where everyone is enabled to reach their full potential. Platform of Affected by the
- Afectados por la Hipoteca (Spain): <https://afectadosporlahipoteca.com/>. The Platform for Affected by Mortgages (PAH) is a free association (as are all the resources it provides) that brings together people with difficulties to pay the mortgage or who are in the process of foreclosure and people in solidarity with this problem. It was created in February 2009 in Barcelona and today there are more than 40 PAHs throughout the Spanish territory.
- Alleanza delle Cooperative Italiane-Settore Abitazione (Italy)  
<https://www.alleanzacooperative.it> It is the main organization representing housing cooperatives and their consortia in Italy, including 65% of all registered housing cooperatives in the country. It brings together 4,700 coops with about 550,000 registered members, for a total of 850,000 homes built as of today. Its activities include the construction and management of dwellings as through home ownership (individual or shared cooperative ownership), rent and lease. The Alliance is leader in urban and housing renewal as well as energy refurbishment of buildings. It also carries out housing programs for specific categories such as young couples, elderly people, students, and migrants - aimed at providing innovative responses adapted to their specific needs.
- The Austrian Federation of Limited-Profit Housing Associations (GBV) (Austria): <http://www.gbv.at/> The Austrian Federation of Limited-Profit Housing Associations (GBV) functions as compulsory and audit organization for its members as well as interest representation body. The Limited-Profit Housing Act determines the performance of the Austrian Limited-Profit Housing Associations irrespective of type of organization.

The oldest housing associations in Austria were founded around the turn of the 19th / 20th century. Since then the associations have been responsible for the construction of more than 840,000 dwellings. Today their stock represents about a fifth of the total Austrian housing stock and about 40 percent of multi-family housing. The majority of this stock has been financed with assistance from public funds: as the responsibility for public funding at the nine federal provinces the respective local authorities are one of the most important partners for limited-profit housing in Austria.

- The National Housing Federation (NHF) (United Kingdom). <https://www.housing.org.uk>  
The National Housing Federation (NHF) is the voice of affordable housing in England. It supports and promotes the work of housing associations in providing much-needed neighborhood services such as education and training schemes or financial inclusion services for the benefit of the whole community, and it campaigns for better housing and neighborhoods.
- Habitat for Humanity in Bulgaria (Bulgaria): Habitat for Humanity Bulgaria has been active since 2001. It runs a diverse, innovative program tailored to meet the local housing need. Habitat Bulgaria works not only with families and individuals to improve their current housing situation but also provides support to communities by partnering with community-based social support organizations, adding value to their activities.

After consulting these web pages or others in your country, comment on what you have found with your colleagues and answer these questions:

- What is social housing?
- What is an eviction? In what situations can it happen?
- In Europe there are several initiatives and mutual aid organisations for housing issues. Are there organisations of this kind in your country? What rights do they defend and how do they do it?
- If you have a problem with your mortgage, where can you go in your country so they can guide you on what you should do?

**Subtopic 8: Credit, debt and overdrafts**

<b>Focus of this part:</b>
<ul style="list-style-type: none"> <li>✓ <b>Credit: terms and conditions</b></li> <li>✓ <b>What is a left overdraft?</b></li> <li>✓ <b>What happens if we do not cover it?</b></li> </ul>

**What will we learn?**

<b>Financial Competences</b>	a) awareness, knowledge and understanding	b) skills and behaviour	c) confidence, motivation and attitudes
	<b>RISK AND REWARD (I, IDENTIFYING RISKS)</b>		
	<b>Underpinning Competencies</b>		
	<p>Aware of the risks in a financial context, including those inherent in the products and those against which can be assured.</p> <p>Aware that certain risks can be reduced through positive actions.</p>	<p>Considers the risks of significant external problems that may affect personal financial well-being [including, for example, environmental, health, science, safety or economic factors]</p>	<p>Motivated to identify one's own risk tolerance.</p> <p>Confident in conducting its own risk assessment without being unduly influenced by marketing or news elements [avoiding the availability bias]</p>

Core competencies		
<p>Citizens with the</p> <ul style="list-style-type: none"> <li>• financial implication of longevity</li> <li>• risk of depending on income received by other people</li> <li>• the potential for political, economic and financial uncertainty to affect investment portfolios</li> <li>• ways in which external shocks [such as extreme weather, catastrophes or terrorism] can have a financial impact</li> </ul> <p>Knows</p> <ul style="list-style-type: none"> <li>• that there may be a large financial risk be safe for high cost events</li> <li>• why it is important to insure against low probability and high cost events</li> </ul> <p>Aware of (possible) risks related to financial products, including</p> <ul style="list-style-type: none"> <li>• making inappropriate product choices</li> <li>• using variable interest rate products</li> <li>• committing to fees of interest fixed in a rate environment of variable interest.</li> <li>• Take out products in foreign currency.</li> </ul>	<p>Evaluates the financial risks associated with personal decisions and life choices.</p> <p>Considers the risks of major projects or purchases.</p> <p>Takes into account</p> <ul style="list-style-type: none"> <li>• the risk of changes in circumstances, including the loss of jobs or the increase in outings</li> <li>• the risk of losing some or all of the household income due to poor health, disability or death of a family member</li> <li>• The risks associated with different financial products.</li> </ul>	<p>Motivated to mitigate risks when necessary.</p> <p>Confident in making decisions considered when the risks become evident.</p>
<p>Aware of the availability of data and other information that may help in the evaluation of risks.</p>	<p>Applies the knowledge and information available to assess risks.</p>	<p>Motivated to understand the available information, including the statistics when considering the risks</p>

## Texts

### Text 1

Do you think we should buy some lottery tickets that end in an eighty-five?  
Tomorrow, eighty-five.

"We can do it," said the boy. But what about your great record, eighty-seven?

-It could not happen twice. Do you think you can find an eighty-five?

-I can order it.

-A whole ticket. That makes two and a half pesos. Who can lend them to us?

-That is easy. I always find who lends me two and a half pesos.

-I think I do too. But I try not to borrow. First you borrow; Then you ask for alms.

THE OLD MAN AND THE SEA, Ernest Hemingway.

## Activities

### Activity 1

#### What do we know about overdrafts?

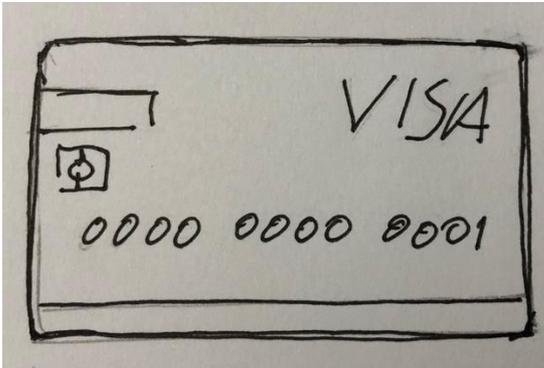
Deficits or overdrafts refer to what happens when you run out of money and do not have enough money to pay for expenses that you have already made, for example with credit or payments in instalments.

After reading the text, discuss it with your classmates and answer the following questions:

- What do you think the text refers to when it says "First you borrow; Then you ask for alms"?
- Has it ever happened to you that you cannot repay a loan on time or that in a month you have spent more than you had, and therefore your account has remained in the red? What consequences has it had for you? And, if it has not happened to you, what consequences do you think it could have?
- In this case, it is proposed "not to borrow" to avoid "being in the red" or having "overdrafts". Do you think this is the best solution? In what way do you think we can plan better to avoid these situations?
- Are we at risk of being in the red or having overdrafts only when we cannot repay a loan? Make a list of situations that can lead you to this situation.

## Text 2

### Credit cards and plastic money



There is no agreement on who created the first credit card. In any case, it seems that it arose in the United States, in the first third of the 20th century. The credit card was created with an idea that is much older: the idea of credit.

A credit is a financial transaction in which a person or legal entity (usually a bank) lends an amount of money to another person with the commitment that whoever receives the borrowed money must return it in accordance with previously fixed conditions. which specifies both the amount to be returned, and the interest (for the use of that amount) and the way to return it (in how much time and in what terms and quantities). Unlike a loan, in the case of credit the bank or the financial institution does not give all the money to the person who asks for it; it only gives what is spent. In other words: it promises to give up a certain amount of money, but it only lends you what you have really spent. For example, if your bank gives you a credit card with a limit of 2000 euros, you can spend up to 2000 euros. But if you try to spend 2001 euros, the card will be blocked and will not allow spending. And if you spend money, the bank will ask you to pay back what you have spent (with the corresponding interest). Credit is usually used by small businesses, which do not have enough money to buy the machines or products they need, and they have to ask for a loan from the banks, in order to start the business. Once the business is in operation, and produces money, you can return the credit and what is left over becomes profit .

## Activity 2

### Credit as a form of debt

When we use our credit card, we spend money "in advance" and we agree with our bank on what terms we are going to pay it back. Sometimes, if we pay it back at a specific time (usually at the end of the month) using credit does not incur any additional charge (interest). In other cases, we can agree in our contract to pay some costs in installments, with interest.

If we do not pay back this money in advance at the agreed time, it is when we are "in the red" or overdrawn (a balance less than zero in your bank account). Francesca, 24 years old, has had to pay her university fees at the same time as the rent and, with the costs of food, electricity, water, etc., at the end of the month she realises that her account is overdrawn. This could mean that she:

- Has to return the money with an interest.
- The bank will charge Francesca a penalty.
- Francesca's credit history will be affected and, in the future, she may have some difficulties in requesting finance if she needs it.

### Activity 3

#### Terms and conditions of credit

First, we will investigate with what conditions we can use the credit and what consequences it has if we do not pay back this credit on time. For this, you can:

- Go to the website of different banks in your country.
- Go to bank offices in your neighbourhood or your city and ask.
- Investigate if there are mutual aid organisations in your country, that can guide you if you find yourself in these situations.

Afterwards, you can share what you have found out and your conclusions among the class group.



#### Activity 4

#### How can we avoid running out of money and what do we do when we have a deficit?

With this information, reflect together and answer the following questions:

- Propose measures that we can take to plan better and avoid getting "deficits":

1. For example: establish a "cushion" or a minimum balance that we should have in our account and we will not spend, in case some month we have an unforeseen expense.

2.

3.

4.

5.

- Propose measures that we can take once we find ourselves in this situation:

1. For example, saving by looking for special offers when buying food or other daily expenses, and buying cheaper seasonal products.

2.

3.

4.

5.



# Topic 5: BEHAVIOUR & ATTITUDES

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## Sections

- **Personal Options (Needs vs. Wants)**
  - **Ethics in Relation to Money**
  - **Sustainable Consumption**
  - **Internet Security and Fraud Prevention**
  - **Money and Law**
  - **Fundraising**
- 



## Topic 5: Behaviour and attitudes

### Subtopic 1: Personal options (needs vs. wants)

#### Focus of this part:

- ✓ **Choosing between what I need and what I want can be very hard.**
- ✓ **How can I make the right decision?**

#### What will we learn?

	a) awareness, knowledge and understanding	b) skills and behavior	c) confidence, motivation and attitudes
<b>Financial competences</b>	MONEY AND TRANSACTIONS (A. III, PAYMENTS, PRICES AND PURCHASES)		
	Core competencies		
	<p>Recognises that adverts, special offers and the media can have a powerful impact on the perceived desirability of particular purchases</p> <p>Understands that money spent on one thing is not available for something else [the concept of opportunity cost]</p>	<p>Develops strategies to minimise unintended consequences of advertising and social pressure, such as overspending</p> <p>Takes steps to make informed purchases</p> <p>Considers the overall value [or utility] of a potential purchase as well as its ticket price</p>	
	<p>Knows</p> <ul style="list-style-type: none"> <li>- that the actual cost of a good or service may depend on factors such as taxes or exchange rates</li> <li>- how to calculate the final consumer price where this is not stated on the price ticket of an item</li> <li>how inflation and deflation can affect the future price of goods and services</li> </ul>	<p>Calculates or estimates the final price of a good or service</p> <p>Makes an informed decision about whether to make large purchases immediately or in the future</p>	<p>Feels safe to re-verify when it seems that an error has been made with a payment or a purchase</p>

	<p>Understands that purchase decisions should take into account the affordability of the prospective costs rather than past expenditure [applying the concept of sunk cost]</p> <p>Knows that some purchases may incur ongoing costs such as maintenance or storage</p>	<p>Takes into account long-term implications of subscriptions and other purchases requiring repeated payments</p> <p>Makes an informed decision about the overall impact of options to spread payments over time</p> <p>Makes any ongoing payments as agreed</p>	<p>Confident in resisting the pressure to make unplanned purchases You</p>
	<p>Knows the real cost of a good Service can depend on factors such as taxes or exchange rates how to calculate the price to the final consumer when this is not indicated in the price ticket of an article how inflation and deflation can affect the future price of goods and services</p>	<p>Calculates or Estimates the final price of a good or service.</p> <p>Makes an informed decision about whether to make large purchases immediately or in the future</p>	<p>Confident in applying knowledge of factors such as inflation and exchange rates when making a decision on whether to delay a purchase</p>

## Texts

### Text 1

#### MASLOW'S HIERACHY OF NEEDS

Abraham Maslow classified the basic needs of the human being in relation to the urgency of them in the form of a pyramid. The most urgent, which are those that have relation with survival, are in the lower part of the pyramid. Once these are satisfied, we go up the pyramid until we reach those that have to do with "self-realisation" and that will lead us to full happiness. His theory is known as the theory of Maslow's Pyramid or the Hierarchy of human needs.



- Self-actualisation: refers to the need to achieve one's full potential.
- Esteem: refers both to self-esteem and the need for recognition from others.
- Love and belonging: entails personal relationships with family, friends, and others.
- Safety: refers to the need for protection and stability in order to feel safe and secure.
- Physiological needs: These are biological needs, such as food or sleep or shelter.

## Activities

### Activity 1

What is the difference between needs and desires?

Using Maslow's hierarchy of needs, answer the following questions:

- Make a list of the expenses you made last month, and classify them according to the different types of needs according to Maslow's pyramid. You can use the budget you made for the first module of this guide (managing money), if you have it with you. What kind of need did you spend the most on? And what did you spend the least on?

- Things that we desire (want) are those that might not be essential to us, but things that we want, and might even be important to us. From the list of expenses you made, are there any that you think was not motivated by a need, but by a desire? How much did you spend on your desires, compared to your needs? Do you think it is an adequate amount or not?
- Spending money on our desires is not a bad thing, as long as we balance it with our needs and keep in mind that we should also keep some savings. In order to be able to do that, it is important that we know what is most important to us, and what is not so important. Now that you know the amount of money that you spend on your needs and on your desires, make a hierarchy of things that you want, dividing them into a) things that you really want and b) things that you could manage without.

## Text 2

### What is the difference between jeans costing 50€ and jeans costing 500€?

The denim gurus confirm that the answer, the selvedge, is on the inside of your trousers.

NOELIA RAMÍREZ | 22 FEB 2017 08:08

"It's like a secret symbol among fans of denim." Jonathan Cheung, creative director of Levi's, is clear why selvedge (also known as self-edge or selvage) is one of the most venerated (and expensive) fabrics in the cowboy world. It is the same that came to haunt Ben and Cam to Made in America (How to Make It in America in the original), the HBO series on a couple of colleagues trying to launch their own clothing line in New York and that they were traveling to Japan to look for the best raw selvedge denim for their jeans. Recognising this material is quite simple. Simply turn the leg of the pants and check if there is a double colored seam. Do you have it? Congratulations, your cowboy uses to a different manufacturing process, and probably that's why it has cost much more.

Why is it so special?

"Because of tradition, the time it takes to produce it and because of scarcity," says Cheung. "It's because it's one of the rarest and most appreciated materials in denim," adds Barbara Grotto, communications director of the Italian firm GAS.

Selvedge denim is so named because it follows the tradition of being manufactured on shuttle looms, the same ones that were used before the 1950s with narrow fabrics which were narrower than those of today (of about 75 centimetres compared to 130 cm of modern fabrics). The finishes given by these old looms do not use classic white thread, and later differently coloured thread to identify different brands.. Levi's changed from their initial white to red, Gas also uses red and Wrangler, for example, yellow.

Recognising these colors when turning the cowboy's hem will imply knowing that we have bought a product from a slower manufacturing process ("it takes three times longer to make one metre of selvedge than one of a modern material", Cheung clarifies) and that our cowboy's trousers "will be more resistant", according to Grotto.

Why is it more expensive?

Buying a pair of jeans made from selvedge denim implies a superior purchase to the rest, its choice therefore respected and praised by the most demanding clients. There are models of jeans that can exceed 500 euros, but there are also some chains that have produced selvedge for about 200 euros a pair. The reason, according to Cheung and Grotto, responds to the scarcity of narrow looms in the world. The 1950s saw the introduction of a standardisation of the wider looms producing more affordable materials and until the 1980s, the earlier slower and higher quality process was not re-introduced. Those early unique looms are those that produce thousands of small imperfections that ensure that the material is unique or as the creative director of Levi's says: "what gives character to denim".

Source: Ramírez, R. (2017, February 22<sup>nd</sup>) ¿Qué diferencia hay entre un vaquero de 50 euros y uno de 500?. EL PAÍS. Retrieved from <https://smoda.elpais.com/moda/selvedge-denim-como-reconocerlo/>

## Activity 2

### How can we make right decisions? – Part I

1. Read and comment on the news by answering the following questions:
  - Why do some jeans have such a different price?
  - What are we paying when we invest €200 or more in some jeans?→ If you see it necessary, you can expand the information of this news by consulting other sources.
2. The situation in the disparity of prices, only happens in the case of the jeans? In the fashion world? In other sectors (automobile, technologies, etc.)? Search and document other possible examples.
3. Based on the information you have been able to find and contrast, answer the following question: Are you in favour or against spending €200 (or more) on some jeans? Reason your answer, providing arguments that justify / support it. You can have a joint debate in the class group, based on everyone's different answers.

### Text 3

#### **White label (own brand) products reaches 40% of supermarket sales, is reinvented and moves into premium products**

Dairy, preserves and pharmacy items are the most important sections of the distribution brands, while beverages and perfumes have less sales

White label (or own brand) products are fully established in the Spanish market, where they already account for 40% of consumer spending. Its growth has been very important in Spain, especially since the economic crisis (in 2007 they accounted for 26.6% of recorded sales). Now, the purchase of white label products is still very important (four out of ten euros), but its growth has stabilised in the last three years. That is why the big retail chains (Mercadona, Lidl, Carrefour, Grupo Dia or Eroski) are trying to reinvent the white label and turn it into premium products, so that their growth in sales not only stabilises, but can even progress.

According to Florencio García, expert in trade, consumer goods and food from Kantar Worldpanel, "own brand remains one of the main strategic axes of retailers, although these brands have had to transform and adapt to the current demanding consumer." In this regard, he emphasises: "The strategic importance of these brands for retailers, in addition to all the more direct implications of image and financial performance, is based on trying to offer the best consumer purchase experience, that is, when paying the price. The price of the total of your basket needs to feel like the right one for what you have bought".

Florencio García, director of Retail for Kantar, explains that in Spain, at the end of 2018, "the own brand of the supermarket has reached a 36.2% share on the total packaged mass market". However, he adds: "If we add to this number the products of exclusive brands that are made for some retailers and non-branded products, usually also made exclusively, we exceed 40%."

#### Quality standards

For its part, Ángela López, director of Strategic Initiatives of Nielsen Spain, highlights the strength of the white label, which according to its studies already accounts for 39.7% of spending on supermarket products, and states: "In terms of quality, own brands meet the standards perfectly". The retail expert from Nielsen explains that "there is a very interesting factor and it is the experience of trying and discovering a new product that seems optimal to the Spanish consumer, if he likes the own brand product, he tends to talk about it to his relatives or friends". "There are other categories, such as bread where retailers reach very high purchase targets. Own brands represent 39.4% of spending on products that we buy in the supermarket. Among German consumers it is still higher, at above 50%", says Angela Lopez. According to Nielsen, the most popular private label products, with quotas that reach 70%, are kitchen paper and toilet paper; disposable perfumery and hygiene, such as nappies; frozen vegetables and fresh vegetables; dried fruit, salads in a bag and grated cheese. From Kantar they add cleaning products (70%), the general pharmacy (60%) or dairy (50%).

### Own brand lose in perfumes

Both market analysis companies agree that the least-popular own brand products are those in the beverages or beauty sections, where we spend less than 20% of our budget. In perfumes or fragrances it is 14%. According to Ángela López, "if you take a drink with friends in your house, you will probably not buy own-brand cola."

### Reinventing itself

For all this, the big retail chains are trying to reinvent the white label to not only maintain that quota of 40% of the total volume of expenditure, but even increase it. The objective would be to link your brand to products that are not only quality and cheaper but also premium. Thus, for example, a new trend has emerged, the so-called luxcount, which consists of promoting high-quality and discounted own brand products.

Source: <https://www.20minutos.es/noticia/3654075/0/marca-blanca-mercadona-premium-distribucion-supermercados/>

## Activity 3

### How can we make right decisions? – Part II

1. What percentage of a total shopping basket is made up of supermarket own brands in the different countries of the European Union? Do a little search on the internet and make a ranking of the five European countries with the highest levels of own brand products in their shopping baskets. Which own brand products are the most popular in European baskets (hygiene, cleaning, perfumery, dairy etc.)? And the least? Make a comparative table by country.
2. Do you know what brands are behind the own brands of your usual supermarket? If possible, do some research on web pages specialising in private brands and find out everything about the suppliers within a specific distribution channel.
3. Choose a product from amongst the most purchased own brands (for example, milk) and prepare a table with comparative prices. In addition to this exercise you can extend this table to:
  - a. Include commercial brands
  - b. Classify the products according to the quality rankings of the products issued by certain organisations (for example, the OCU in Spain, or the equivalent consumer protection organisations in other countries)→ This activity can also be done as a group, where each one chooses a product to be analyzed, creating a joint table to be shared and thus saving in the shopping cart.
4. Do you usually buy own brand products? Why? Make your case by providing data that support it. Based on the different responses, set up a joint debate in the class group.

5. In Text 2, linked to the news of the price of cowboy-style jeans, we explored what can justify a high price in a high quality product. In this section, the different activities on own brands have allowed us to gather arguments to defend the purchase of these products. It would therefore be a good idea to develop a debate in the class/group in which the arguments are contrasted, gathering information to be able to answer the question: "High quality products vs. own brands: Which are we opting for?"



**Subtopic 2: Ethics in relation to money**

<b>Focus of this part:</b>
<ul style="list-style-type: none"> <li>✓ <b>Ethics and human rights</b></li> <li>✓ <b>Does always buying cheap products mean that someone else will have a low salary?</b></li> </ul>

**What will we learn?**

<b>Financial competences</b>	a) awareness, knowledge and understanding	b) skills and behavior	c) confidence, motivation and attitudes
	<b>FINANCIAL OVERVIEW (IV, PRODUCTS AND FINANCIAL SERVICES)</b>		
	<b>Core competencies</b>		
	<p>Knows if there is a universal right to basic formal financial products or services.</p>	<p>Periodically re-evaluates the suitability of financial products held</p> <p>Demands high quality financial products and services</p>	<p>Confident to ask financial service providers questions about their products and services</p> <p>assess the level of trust that can be invested in a particular financial service provider</p> <p>negotiate terms with financial service providers when necessary</p>
<p>Knows that the financial product or service that is appropriate for an individual depends on a series of personal [and domestic] factors that may include economic, cultural, ethical or religious preferences</p> <p>Aware of financial service providers offering relevant products in the local area or online</p> <p>that some products are designed to meet cultural, ethical or religious criteria, such as shariah compliant products</p>	<p>Aims to choose financial products and services that are consistent with personal preferences</p>		



	<p>Aware that financial products [such as savings, credit, pensions or insurance depending on national circumstances] may be offered through non-financial organisations such as schools, employers, shops, religious groups or leisure clubs</p>	<p>Takes note of the relevant financial products and services offered through non-financial organisations and make an informed decision about their suitability</p>	
	<p>Aware of the role of advertising in the promotion of certain types of financial products or services</p>	<p>Takes measures to make objective decisions about the value of an announced financial product or service</p> <p>Takes into account the potential cost of exchanging financial products in the event of a change of circumstance.</p> <p>Seeks advice or information about products and services that appear to be useful but complex.</p>	<p>Motivated to</p> <ul style="list-style-type: none"> <li>- Request better service or compensation in case of dissatisfaction.</li> <li>- change providers in case of poor service or uncompetitive prices</li> </ul>

## Texts

### Text 1

#### Counterfeiting and piracy cost Ireland €900m in lost sales

Piracy losses amount to 54% of total Irish sales, according to EU report

Frank Dillon | Thu, Jun 6, 2019, 06:15

Counterfeiting and piracy are resulting in estimated annual sales losses of more than €900 million in Ireland, according to an EU report released on Thursday.

Analysis of 11 key business sectors, as part of a wider report by the European Union Intellectual Property Office (EUIPO), estimates piracy losses at €909 million in Ireland, equivalent to 5.4 per cent of total sales. This represents €192 per citizen per annum, according to the report.

In the EU as a whole, counterfeiting and piracy loss is estimated at about €60 billion a year, equivalent to 7.4 per cent of all sales in the 11 categories studied.

The sectors examined in the EUIPO 2019 Status Report on IPR Infringement were: clothing, footwear and accessories; cosmetics and personal care; sports goods; toys and games; jewellery and watches; handbags and luggage; recorded music; spirits and wine; pharmaceuticals; pesticides; and smartphones.

The clothing, footwear and accessories sector is the largest of the sectors studied in terms of sales volume and employment. The report estimates EU-wide sales losses of more than €28 billion a

year or 9.7 per cent of total sales. In Ireland, lost sales in this sector are estimated at about €323 million or 9.2 per cent of sales.

In the smaller cosmetic and personal care sector, losses are proportionally higher, with losses in Ireland of about €98 million or 14 per cent of all sales. This compares with total EU-wide losses of about €7 billion or 10.6 per cent of sales.

The report highlights the likely effect of counterfeiting on employment and suggests that given that legitimate manufacturers produce less than they would do in the absence of counterfeiting and piracy, the number of direct jobs lost across the EU could be in the region of 468,000.

### Criminal gangs

Huge potential markets with high financial rewards together with lenient sentences make it attractive for criminal gangs to engage in counterfeiting. According to the report, the modus operandi of such gangs is becoming increasingly complex as technology and distribution channels evolve, hand in hand with the breath of products being counterfeited.

Gangs are increasingly using the internet to distribute their products, and to promote the distribution and consumption of illegal digital content.

Internet sites selling counterfeit goods are also benefitting from additional revenues from advertising. This includes so-called “high-risk” ads such as adult, gaming and malware but ironically they are also sometimes supported by ads from legitimate brands, which then suffer in two ways from advertising on such sites, namely damage to their own brands and providing status to the rogue website.

The study also looked at the demand side, including the attitudes of EU citizens to consuming intellectual property right infringing goods and services. Incentives for consumers to purchase counterfeit goods and services include lower prices, easy access and low degrees of social stigma associated with such activity.

The EUIPO says that in response to the growing problem of IPR infringement, it is taking a range of measures from closer working with Interpol, including funding a specialised IP crime union within the police agency, to supporting the European Commission's efforts to address the supply of counterfeit goods in third countries, to helping SMEs protect their IPRs to public information campaigns to highlight the economic and social impact of counterfeiting.

Source: <https://www.irishtimes.com/business/innovation/counterfeiting-and-piracy-cost-ireland-900m-in-lost-sales-1.3915981>

## Activities

### Activity 1

#### Ethics, piracy and human rights

Reflect on the following questions after having read the text above:

- Piracy not only affects the economy (money that is not earned), but it also involves the destruction of jobs and the growth of the underground economy. In future, it may even lead to the creation and establishment of organised crime syndicates which involve human trafficking. Have you ever thought about these possible consequences of piracy?
- Divide the class in two groups and have a debate. One part of the class will be in favour of piracy and the other part against it, and you have to provide arguments for both positions. Afterwards, have a dialogue all together to discuss your conclusions on the topic, taking into account:
  - What effect do our decisions have on others?
  - Had you ever considered that piracy could favour organised crime and even lead to human trafficking? What can we do to ensure that human rights are respected in financial transactions?

### Text 2

#### **A street vendors\* cooperative has been offering employment for a year**

Diomcoop sells clothing that it manufactures and offers catering and security at parties

About fifteen Senegalese work permanently in the entity

Oscar Hernández | Barcelona - Saturday, 10/13/2018

Fatu Mbaye arrived in Barcelona eight years ago. This Senegalese, with a degree in Marketing, had to spend six years of her youth being a street vendor and suffering a double difficulty: dedicating herself to an illegal activity and being a woman without papers in a strange country. But now, with papers, she presides over the Diomcoop cooperative, whose first syllable means in Senegal courage and strength, something necessary to live in a world full of difficulties.

"Now I feel good, but the eight years where I was without papers I suffered everything: they took away the money I had earned, they put me in a dungeon, they took away what I was going to sell and even the police undressed me in the toilet of a restaurant to see if I had money on me," explains the president of Diomcoop, a cooperative created a year ago with the support of Barcelona City Council and advice from Barcelona Activa to give opportunity to the street vendors (manteros). There are already 15 partners with stable work and fifty who have obtained temporary jobs.

"The city council had to find ways to solve the issue of street vending and sought a model of socio-economic intervention to address the problem from three needs: income, citizenship and relationship with the community," says Elisenda Vegue, Barcelona Activa. At the end of 2017 the cooperative was created after a positive outcome of another similar one, Diombar, in which immigrants work who were previously engaged in scrap collection.

#### New Projects

In the case of Diomcoop, what began a year ago as a small company that sold striking clothes with fabrics brought from Senegal and made in Barcelona, by ex-prostitutes who collaborate with the project, was soon expanded to the production and sale of Senegalese food in fairs and continues with the offer of multiple services. "In the festivities of Gràcia we hired 40 people to watch the sets and crowds of people in the streets," says Baye Ababacar proudly, others of the Senegalese partners of Diomcoop.

The cooperative is in charge of locating the candidates among the street vendors and of offering courses (on patronage and security, for example). "With these projects we have removed several people from street vending, whom we dignify, and we change the look of the rest of society," adds Ababacar.

The 15 partners and the people who are taken on as collaborators have already participated in important events and parties. In addition to those of Gràcia, they have collaborated with the market of Palo Alto, in Poblenou, and in popular parties in Besòs Mar. "And they have commissioned us to cater for a thousand people in a few weeks," says Ababacar.

#### For a better life

For Xavier Roca, of the municipal team of Coordination of the Public Space and Social Rights (Coordinació d'Espai Públic i Drets Socials), work remains. "Four educators register street vendors on the street and analyse their needs," he explains, "the municipality helps them get regularised and offers them ways to leave street vending."

"We came to Barcelona to find a better life and at the beginning you see the only outlet in the street vendor because you do not have papers to work. But we do not want to dedicate ourselves to that," says Pape Dop, other Diomcoop partner and ex-speaker while teaching clothing designs to prepare for next season.

Source: Hernandez. (2018, November 13<sup>th</sup>). Una cooperativa de manteros lleva un año ofreciendo empleo. El Periódico. Retrieved from

<https://www.elperiodico.com/es/barcelona/20181013/cooperativa-manteros-diomcoop-empleo-7086150>

## Activity 2

### Cooperatives as alternatives for avoiding exploitation

Carry out these tasks and answer the questions:

- DIOMCOOP is a local 'solidarity economy' initiative at the Barcelona level, we could look for more initiatives of this kind at European level and create a blog, to share these experiences. You can work on it in groups, so that every group makes an entrance on the blog about.
- How can we promote initiatives like these? In the Final Conference of the Erasmus+ project ScienceLit (2016-2018), for example, DIOMCOOP was hired to cater for the coffee break. Now, imagine that as a youth organisation, you are organising the festivities for the annual festival. What kind of services would you need? In addition to the budget and the quality of the service, what other aspects would you take into account when choosing which company to use, from an ethical point of view? Are there other initiatives in the 'social economy' in your neighbourhood or city similar to DIOMCOOP?

## Activity 3

### What are the differences between being a freelance, a traditional company and "sharing economy"?<sup>1</sup>

Deciding what kind of job or business you want to have is also important, and there are many alternatives and considerations to take into account. To see what suits you, answer these questions according in order to know if you fit into the category of a freelancer (self-employed), a traditional employee or an independent worker in the sharing economy. . Afterwards, read the guide description for each category and answer the questions for discussion together with your classmates:

1. Your professor in University assigns a group project to you and your classmates. Your task is to create a presentation about climate change over the course of a week. How do you choose to work on this project?
  - Take the project home and complete it alone
  - Meet up with your group multiple times over the week and work on it together
  - Work independently on separate parts of the project but correspond through email or through a shared document online

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<sup>1</sup> See note at the end of the activity's explanation for references and other useful resources in relation to this topic

2. You are very skilled at making handmade bracelets and recently your friend has suggested for you to sell the bracelets online through a website that supports artists and provides a platform for buying and selling. You decide to...

- Choose not to use the website so that you have the flexibility to self-promote and work on your own
- Work alongside a company who would pay you to sell your bracelets on their behalf and under their name
- Use the website to sell bracelets

3. You and your family want to go on a vacation. In order to plan this trip, an agenda and a budget need to be made beforehand.

- You and your family create the budget on your own with information gathered from the internet
- You and your family work through a travel agency to collect all of the information for the trip
- You collaborate with other families online that also want to travel and create an agenda and budget based off of their estimations

4. You are trying to get back into shape but do not know where to start, how would you approach this situation to get the best results possible?

- You do your own research on the internet about which workouts would be best for you and your nutritional values
- You and a friend create a workout routine to do together each week
- You hire a personal trainer who creates the complete workout routine and diet to follow each week

5. You like saving money on groceries that you purchase every month. What is most important when considering what to purchase?

- Search for the lowest prices as possible
- Look for the best option that will benefit the business you are shopping at
- Choose a grocery store that has the healthiest options for the general population

6. You are applying to different colleges around the world and are looking for the best fit to suit your educational needs. How do you research these colleges?

- You research schools on your own time using the internet and databases
- You make an appointment with an advisor of the school to see if the University best fits your needs and your budget
- You have your parents do your research and help you apply to these schools

7. You work a job over the summer for a duration of three months. Your employer gives you three different methods of payment. Which do you choose?

- Get paid one time at the end of the summer
- Get paid every other week
- Get paid at the end of each day

8. You are attempting to learn a new language, what would be your preferred method of learning?

- Work one on one with a tutor
- Work with your friends in a group on the basics
- Take a Spanish class through a University

9. Making friends is hard to do. You are looking for a person that best complements your personality. What characteristic is most important to you?

- Someone who is spontaneous and likes to do things on the spot
- Someone who likes to play by the rules, and follow the set plans without swaying from them
- Someone who is flexible in making plans but appreciates a set schedule

10. There is an argument between two members of your family that needs to be resolved. As you confront the conflict, what do you do?

- You decide not to enter the conflict and remain neutral
- You tell your family how they need to resolve the conflict
- You call a meeting between both members of your family in order to try and resolve the conflict yourself

11. You are trying to create a 4-year plan for your studies at your University in order to get the most out of your college experience. What is your top priority in making this plan?

- The social application to your university is most important to you so join multiple clubs and organisations
- Studying always comes first before anything else
- Meeting friends who share the same goals and values as you is most important for your success



12. You recently got laid off, and are in search of a new job, what type of job are you looking for?

- A job where you seek to be your own boss, and you set your own schedule while managing your own finances by yourself
- Work with a set schedule, salary, and work under someone who gives you weekly tasks and projects
- You work with a corporation as an independent employee who makes their own schedule and your paycheck is based off how much time you put in each week

13. What aspect of working do you want to have the most control over?

- Time
- Money
- Your work environment and the people you work with

Grading:

A's \_\_\_\_\_

B's \_\_\_\_\_

C's \_\_\_\_\_

## Self-Assessment Review Guide

### The Freelancer

Mostly A's

Proving itself to be a challenging but rewarding career path, the freelancer is capable of creating a successful business from scratch and, through their own efforts, can determine the success of their company, their employees and their own income. The freelance personality is made up of go-getters who set out to take initiative of their own successes. They do not become discouraged by failure but, instead, learn to develop and improve from it. They are hard-working and are usually made up of extroverts who hold a singular dream within their minds and set out to accomplish this dream to the best of their ability. Freelance as a career requires a person who upholds the characteristics of a leader and who can both manage and mentor their employees in order to develop the best outcome possible. The most important responsibility of a freelancer is to reach for the goals that they want to achieve by supporting the efforts of their employees rather than micro

managing each detail and aspect of the company to get what they want. Freelancers are made up of a special type of person who is willing to commit to their dream and work hard for it. They are self-motivated and are capable of taking charge in order to foresee goals enacted and implemented in order to turn their dream into a reality.

There are many aspects of a freelance career that can be considered when reviewing this category of job. The first and most appealing of these aspects is the ability to develop and create one's own work schedule. This means that a freelancer can determine what hours to operate a business, when they want to work and how much effort they need to put into their business in order to be successful. Though running a business is time consuming, the ability to create personal working hours becomes very appealing to those who find it difficult to work a set time on a day to day basis, as they would in a corporation. This also means that freelancers are also responsible for their own salaries and are responsible for their own funding. They determine where to spend their money, how much they pay their employees and how much profit they are able to make. Though their salaries are more unstable than that of a corporation or a collaborative economy, many freelancers enjoy the flexibility in both of the areas of time and money. But as one travels from country to country, the image of freelance work can look very different in terms of prevalence and success based on the structure of different economic systems. This means that a freelance company works better in some countries than others and is highly dependent on the current economic environment.

Another aspect central to a freelance career is the ability to create a business from scratch and to set one's own rules and regulations. Maybe there is a business or a product that someone really enjoys but it has downsides that one may want to improve on. As a freelancer, an individual now holds the ability to act on their own accord and run things the way that they see fit. Though this sounds captivating to many individuals, there need to be strategy and tactics in place. Plans need to be made and money needs to be budgeted in order to implement these visions and goals. Often, freelance work requires a high skill set in business and sales, accompanied by a charismatic personality when it comes to selling ideas to others.

Based on your assessment you fit the characteristics of the freelancer because you are creative and are capable of taking initiative steps into action. You fit the characteristics of a leader who upholds the skills required to manage others, create goals and oversee a company.

## The Employee

Mostly B's

Reflecting on the goals and aspirations of a company, the employee's aim is to uphold and follow the dreams of a corporation. The employee is often hard working and driven by

the ability to attain both personal success and success for their corporation simultaneously. The personality of the employee is made up of a strict work ethic that usually enjoys structure and set regulations. Employees are capable and confident in multitasking the jobs that they need to accomplish both within their specified department and in the corporation itself. Some employees are self-motivated and are driven by their own ambitions in order to climb the corporate ladder and become leaders of the company, whether that be heads of their department or on the executive board. Employees are also organised individuals who like to follow a set of rules or guidelines that have been previously set out for them in advance, enjoying structure more than spontaneity and usually playing by the book. Many employees are loyal to their companies and work to create an environment that is most beneficial to the corporation, its clients and its overarching objective.

An employee of a corporation is often able to experience and take part in a range of opportunities that are specific to the employee's career. These aspects are central to working within a corporation and can be appealing to those who are looking for a new field of work. One aspect of this field is the inclusion of set benefits such as health insurance, dental insurance, and social security. These consist of social benefits that are set and regulated by the corporation as an incentive to work by ensuring that an employee will be content and willing to work. These benefits are required by law for all permanent employees of a corporation and are regulated by the department of Human Resources that each company is held responsible for implementing.

One structure of a corporation that has been implemented since 1881 within the both the US and most European countries is the utilisation of trades unions. These unions are made to promote workers' rights and protect workers from unfair wages, harmful working environments and poor management. However, this is not always the case, as trades unions are less popular amongst workers in some countries

Part of being an employee of a corporation is understanding that the company requires structure in order to accomplish tasks. The structure of a corporation implies that in order to get certain criteria or project passed and completed requires time and regulation. Projects and ideas which would be quick to implement within a collaborative enterprise or a freelance business are required to pass board guidelines and approval within a corporation. This leads to slow change that may make it seem as though projects are not progressing and that the job is repetitive and slow. This can lead to irritation and confusion for those who wish to see change implemented immediately. A major aspect of working for a corporation is the fact that there may be regulations which can also appear to impede the work of the corporation, the employee and even the result that clients receive. When working for a corporation, these rules are mandatory and usually cannot be changed, but instead followed by the employee without resistance. Often, corporate work requires patience, persistence, and an attitude that is able to work well with others on a day to day basis.

Based on the assessment you fit the characteristics of the employee because you are a team player, driven and capable to bring about ideas that will benefit a corporation and its clientele.

## Worker in the 'sharing economy'

### Mostly C's

Combining both of the characteristics of the freelancer and the employee, the collaborator is a person, who works for a corporation but who conducts their work in a self-organised way. This often means that a platform worker is both regulated by a set of rules and guidelines that a company provides, but works independently from that of a corporation. A platform worker is a person, who is able to be flexible and able to adapt to a fast paced and ever changing environment due to the constant change in the work that a co-operator is responsible in providing. These are individuals who benefit from working on their own but who know how to communicate and respond efficiently with their clients, their company and their co-workers.

A social platform business is a company that operates by hiring employees through a technology platform and who conducts their services through this same platform. This can consist of an app on a phone, a website or through a phone service. The corporation is then responsible in regulating its employees and the service that they are providing through their chosen method of technology. Though the corporation sets the rules and guidelines for the social platform worker to follow, the work is dependent on the worker to follow on their own.

Just like the employee and the freelancer, this job has many differing aspects that are significant to the social platform workers and the work environment. The first of these aspects is the ability to choose when to work and is similar to the freelancer when relating to scheduling. A platform worker can pick up shifts when available or when preferred and can set how many hours they want to pick up each day. Their schedule is not set by the corporation, allowing them to pick up shifts whenever they want.

Another aspect of the sharing economy that makes this type of position so unique is the dependence on the ability to be flexible as mentioned before. This means that work gained through platforms may not be consistent and the same each day. There is a lot of

spontaneity within this position which can lead to less corporate regulation, guidelines and set rules. This also can imply that there is a fair amount of impersonality between the platform operator and their peers, when it comes to both their co-workers and their communication with their corporation.

An aspect of the 'sharing economy' that becomes important to many people looking for a job is the level of reliability that they have between themselves and the company that they are working for. When working for any type of business, most people want to be reassured that their company will take care of them when errors and issues occur. They want to know that the company values them as both an employee and a person as well. A platform company does not have these same guidelines and can fail to regulate error as a corporation usually would. Instead, the company recognises the worker as a freelancer and fails to accept the responsibility that a large corporation requires. For example, a food delivery driver for a European based company was struck and killed by a garbage truck during his work day in May 2019 but soon after it was revealed that he was not an actual employee of the platform company and that his licence to access the app was sold to him illegally. Because he was not an official employee of the company, his family was not able to gain compensation for his death which revealed the downside to working for a company with little employee regulation.

Based on this assessment you fit the characteristics of wanting to work in the sharing economy because you dabble in both areas of a freelancer and an employee of a corporation. You are flexible and are able to adapt quickly to the tasks that are constantly changing.

#### Discussion

- If you are given a direct task by your boss, which of the three careers would you be a part of?
- Do you consider yourself to fit into more than one category of career? Why?
- Would someone who is writing a book be considered a freelancer?
- If you drive tourists around the city to their destination, under a company, which of the three career areas would you be a part of?
- Which type of career are you most passionate about?
- There are some initiatives of "sharing economy" that work very well, but there are also companies that use this label to actually hire workers as if they were "freelancers" when they are actually not, avoiding obligations that companies have towards employees such as a guaranteed wage, holiday pay and other rights. What do you think about this? Does it have consequences on the workers in the present, or will it have consequences for them in the future? Do you know of any examples like this in your country?

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### Subtopic 3: Sustainable consumption

#### Focus of this part:

- ✓ Can I be a sustainable consumer?
- ✓ How does it work and what benefits me?

#### What will we learn?

Financial Competences	a) awareness, knowledge and understanding	b) skills and behaviour	c) confidence, motivation and attitudes
	<b>MONEY AND TRANSACTIONS (A. III, PAYMENTS, PRICES AND PURCHASES)</b>		
	Underpinning competencies		
	<p>Knows how to calculate and interpret meaningful unit prices of purchases, where relevant</p> <p>that the same goods or services may be priced differently by different vendors, at different times or in different locations</p> <p>that there are often substitutes for products [in some case including second-hand ones] and services that may cost less than the one originally identified</p>	<p>Compares the price of similar goods from different providers when practical</p>	<p>Confident to</p> <ul style="list-style-type: none"> <li>• negotiate a fair price</li> <li>say no to a sales offer that is unsatisfactory or unwanted</li> </ul>
	Basic Competency		
<p>Knows that the actual cost of a good or service may depend on factors such as taxes or exchange rates</p>	<p>Calculates or estimates the final price of a good or service</p> <p>Makes an informed decision about whether to make large purchases immediately or in the future</p>		

FINANCIAL OVERVIEW (D. III, EDUCATION, INFORMATION AND ADVICE)		
Underpinning competencies		
<p>Aware that</p> <ul style="list-style-type: none"><li>• there are various sources of information about financial products and services</li><li>• it is [usually] possible to access education or advice about financial matters</li></ul> <p>some sources of education, information and advice may not be impartial</p>	<p>Takes steps to be an informed consumer</p>	<p>Confident in own ability to recognise trustworthy sources of education, information and advice</p>



## Texts

### Text 1

In 2015, the UN approved the 2030 Agenda on Sustainable Development, an opportunity for countries and their societies to embark on a new path to improve the lives of all, without leaving anyone behind. The Agenda has 17 Sustainable Development Goals, which include from the elimination of poverty to combating climate change, education, women's equality, environmental protection or the design of our cities. (UN)

#### **PAM A PAM: YOUR SOCIAL ECONOMY MAP**

Pam a Pam was born in 2013 as a response to all those who approached SETEM (a social economy federation in Catalonia, Spain) to ask how they can consume more responsibly and live in a more coherent way with their values.

Pam a Pam is not just a map, it is a collective tool that shows that there are social enterprises at the service of people in Catalonia and invites you to participate. You can do it as a user, searching on the map those initiatives of food, housing, services, energy ... that allow you to consume in accordance with your values. You can be a member of the open community that finds and interrogates the points that appear on the map. And you can add yourself as an initiative, put yourself on the map, and link with other parts of the social economy.

It is a space for collective learning through activism that makes practising responsible consumption and strengthening the social economy.

On the map you can find initiatives from 15 economic sectors. All of them have been interviewed in depth following a questionnaire that contains 15 criteria with which we evaluate the social and solidarity economy. Each one of these criteria can be met or not, the criterion to be able to be made visible to Pam to Pam is to fulfil half plus one of the criteria. As you can see in the records of each initiative, each criterion can be accomplished to a different level from 1 to 5 that allow us to assess from good to excellent practice.

Source: <https://pamapam.org/ca/>

## Activities

### Activity 1

Social economy as a method of sustainable consumption

Discuss and answer these questions after reading the text:

- Do you know any similar proposals in your city/area?
- What do you know about the social (and solidarity) economy?
- Do you consider yourself an active or passive consumer?

## Text 2

### Criteria of solidarity economy

The social (and solidarity) economy can include social enterprises, mutuals, co-operatives, fair traders, and some (but not all) non-governmental organisations for example. Read the criteria on which the social and solidarity economy is based<sup>2</sup>:

Criteria	
<p><u>Internal democracy</u></p> <p>We value social enterprises to take measures to promote active and equal participation of all the members of the initiative in the decision-making process. Beyond that there are meeting and assembly spaces, we value working on aspects such as the differences in rank and privilege that exist between the different participants in the initiative and in what way this impacts on the unequal participation that may occur in decision-making.</p>	<p><u>Personal Development</u></p> <p>We value the social economy to contemplate the general needs of the people who are part of it and try to give an answer from the work, participation and care field. We value care for the people who work or participate in the initiative, as well as the mechanisms that make it possible to reconcile personal life with the job or how emotions are treated. We consider the co-responsibility to be transformative: the capacity, empathy and willingness to assume collectively, with the consequent economic impact for the initiative, individual needs.</p>

<sup>2</sup> Pam a Pam. (2019). Pam a Pam: El teu mapa d'economia solidària. Retrieved from <https://pamapam.org/ca/criteris/>

Feminist Perspective

We understand gender as the social construction of roles and behaviours. Given that we live in a patriarchal society, if we do not incorporate feminist approach, we will reproduce the roles of gender that generate asymmetries between men and women. For this reason, we value whether the entities take into account these and other inequalities, if they have reflected on them and take steps to promote them by promoting participation, empowerment and the role of women.

Working Conditions

Current operations in the cooperative and solidarity economy must be able to generate decent working conditions at the same time and avoid the imbalance in the categorisation of work (salary differentials). Consider working conditions worthy of those contracts that are stable, with work days consistent with the volume of tasks and that offer a higher salary than that stated in the reference agreement. In the case of worker cooperatives, in addition, we consider it stable to be a member of the cooperative or set a period within which you become part of the cooperative.



<p><u>Suppliers</u> We value proximity, respect for workers' rights (fair trade and commercialisation) and the presence of intermediaries in suppliers as much as the commercialisation of the initiative, as well as all those goods or services that you need to buy or hire for its operation.</p>	<p><u>Inter-cooperation</u> We value prioritising work with other social economy initiatives, promoting the construction of a social market: an economic and satisfaction-based circuit is established where all areas (production, distribution, consumption, financing) act under the principles of the social economy .</p>
<p><u>Free and Open Licences</u> We think it is important to enable transformation and the creation a positive social impact through the development or use of content (software, knowledge, graphic, audiovisual and musical material) under free and open licences</p>	<p><u>Transparency</u> We value the way that social enterprises of all kinds break with the opacity of the capitalist system, in which information is gathered about the origin and production process of the products and / or services offered, as well as the accounts and the operation of the initiative. Apart from ethical banking and ethical finance cooperatives, we include in the financial management systems of the organisations the exchange, the self-financing groups, the micro-finance, social currencies, and ethical insurers.</p>



<p><u>Financial Management</u></p> <p>We consider it essential that the initiatives of the the social economy sector do not feed conventional capitalist banking and its practices. That is why we value the use of ethical finances, both in savings, loans and in the operations of the initiative.</p>	<p><u>Social Cohesion</u></p> <p>We believe that the social economy should be an inclusive space that overcomes the exclusions and discriminations that occur in the capitalist system for reasons of race, ethnicity, culture, affective-sexual orientation, functional diversity, gender, etc. We therefore must ensure that the dynamics that exclude people from the public sphere and from the labour market and work are made visible, challenged and reversed.</p>
<p><u>Social Transformation</u></p> <p>We believe that social economy should be an inclusive space that overcomes the exclusions and discriminations that occur in the capitalist system for reasons of race, ethnicity, culture, affective-sexual orientation, functional diversity, gender, etc. and therefore, must ensure that the dynamics that exclude people from the public sphere and from the labour market and work are made visible, challenged and reversed.</p>	<p><u>Territorial settlement / Agreeing boundaries</u></p> <p>We understand the territorial rooting of the adaptation of the initiatives to the realities of the territories and the contribution they make to their closest surroundings. In each initiative, the concept of territory / area covered may vary depending on the scale at which it provides services.</p>

<p><u>Environmental sustainability</u></p> <p>We value the awareness and commitment to the ecology of the initiative in terms of production, marketing and mobility. We live in a capitalist system that is committed to unlimited growth at the expense of the destruction of the territory and the environment, which is why we consider that the social economy should incorporate the concern to minimise the ecological impact generated by its economic activity.</p>	<p><u>Waste Management</u></p> <p>We value that social economy initiatives should take into account the capacity of ecosystems to regenerate and absorb the resources and waste they generate. Otherwise, we are contributing to generate serious imbalances in ecosystems and, therefore, our present and future ability to meet needs.</p>
<p><u>Power Consumption</u></p> <p>Capitalist growth is mainly sustained in the extraction and combustion of fossil resources (petroleum, gas, uranium and coal), which allow obtaining what has until recently been cheap and abundant energy. This method of production has demonstrated unsustainable and generator of strong impacts, both in the environment and in people. The social economy must overcome this energy model and work on the reduction of energy consumption in its activity, the use of renewable energies and to move towards local energy control.</p>	

## Activity 2

After reading, answer the questions and do the following tasks:

- When thinking about sustainable consumption, did you take into account all these aspects listed in the criteria? Do you think it is important to do so? Why?
- What can we do as consumers to favour sustainable consumption? And if we own a business?
- In groups, choose a company, a cooperative, an association, etc. that you are interested in discovering more about and prepare an interview, to verify whether they meet or not and to what extent the criteria above.
- Prepare a presentation for the rest of the groups and discuss the similarities and differences that you find.

### Subtopic 4: Internet security and fraud prevention

#### Focus of this part:

- ✓ **What security measures do we need to avoid seeing ourselves involved in a fraud?**
- ✓ **How do I recognise Internet fraud?**

#### What will we learn?

Financial Competences	a) awareness, knowledge and understanding	b) skills and behaviour	c) confidence, motivation and attitudes
	FINANCIAL OVERVIEW (D. V, SCAMS AND FRAUDS)		
	Underpinning competencies		
	Knows about the risks of financial scams and fraud how to spot signs that something or someone may not be genuine	Takes practical steps to keep all personal data, financial information, passwords and pin numbers secure	Confident to question whether communications, offers and recommendations may be fraudulent
	Basic competencies		
	Understands the importance of keeping personal data, financial information, and security information (including passwords and pin numbers) secure	<p>Stays informed about recent developments in terms of scams and fraud</p> <p>Makes an effort to scrutinise communications, offers and recommendations and consider whether they are genuine</p> <p>Speaks only to verified representatives of financial institutions</p>	<p>Accepts that a previous decision or action was made in error in the light of information suggesting a scam or fraud</p> <p>Motivated to learn how to avoid scams and fraud</p>
Knows who to report suspected scams and frauds to	Reports suspected scams and frauds to the relevant bodies even if not personally a victim	Confident to say if it becomes apparent that a scam or fraud has taken place	

## Texts

### Text 1

#### **“Nearly three quarters of people 'have been targeted by scam messages'**

Nearly three-quarters of adults have been targeted by scammers with phishing emails, texts or cold calls, research suggests.

Santander found 74 per cent of people said they had been targeted, receiving an average of 16 fraudulent emails, texts or calls in the past year.

Over a quarter (27 per cent) believed the communications to be genuine, and 7 per cent subsequently fell victim to the scammers, seeing their identities stolen, money withdrawn from their accounts and fraudulent payments made on their credit cards.

To help raise awareness of the dangers, the bank is touring a “phish and chips” van around Britain, which is giving out fish and chips to customers and non-customers who show phishing emails or texts or who take a short quiz to identify scam emails and texts.

The van will be in Manchester on Thursday and in the coming weeks will also visit Birmingham, Cardiff, London, Leeds and Glasgow.

As well as dishing out fish and chips, Santander UK is giving tips to avoid becoming a victim of phishing scams:

- Never share PIN numbers or online banking passwords with anyone
- Never download software or let anyone log on to your computer devices remotely during or after a cold call
- Never enter your online banking details after clicking on a link in an email or text message

Some 2,000 people took part in the survey.”

Source: Shaw, V. (2017, October). Nearly three quarters of people 'have been targeted by scam messages'. The Independent. Retrieved from

<https://www.independent.co.uk/news/business/news/scam-messages-three-quarters-targeted-uk-identity-money-identity-fraud-a7983356.html>

## Activities

### Activity 1

#### **How can we prevent fraud?**

After reading the text, discuss and answer these questions:

- Have you or anyone you know ever been victim of any kind of fraud or scam? What happened and how did you deal with it?

- The article gives you some tips of what you can do to avoid scams. Make a list of a) situations that might make you vulnerable to become a scam victim and b) strategies to avoid being scammed in these situations.

## Activity 2

### Internet Security

1. Choose three words from the followings, and find out more information about their meaning in small groups (every group should choose different words).

Malware, Spyware, Adware, Phishing, Computer Virus, Trojan, Computer Worm, Spam, Rootkit, Ransomware, Browser hijackers, Keylogger, Hacker, Digital Scam, Identity Theft, Cybercrime, Cracking, DDoS, Botnet, Cyberbullying, Trackers, XSS , Day zero, Exploits, SQL Injection, Impersonation, Pharming, Fake news.

2. Go to another group with the information collected on three words related to threats online and receive at the same time the information found by another group about three other words.

Prepare a presentation with them (using PowerPoint, Prezi, Google Slides, as appropriate ...) and present it in front of the class.

3. When your group is not making a presentation, you should fill out a table like the one below, and it will serve to summarise the concepts that your classmates and companions have explained.

Name of the threat and type	Danger of the threat	Example of this type of threat	What can we do to minimise risks?

## Subtopic 5: Money and law

### Focus of this part:

- ✓ How do I make good decisions?
- ✓ What happens with the little things we do and are not legal, for example not paying for a bus or metro ticket?
- ✓ Can we get into trouble?

### What will we learn?

Financial Competences	a) awareness, knowledge and understanding	b) skills and behaviour	c) confidence, motivation and attitudes
	FINANCIAL OVERVIEW (D. VI, TAXES AND PUBLIC EXPENDITURE)		
	Underpinning competencies		
	Understands why taxes are collected and how they are used	Pay taxes and / or claim tax refunds as appropriate	Accept that it is important to pay the taxes owed.
	Basic competencies		
	Aware of current levels of basic taxes such as income tax and merchandise tax	Supervises personal obligations and rights in light of fiscal and public expenditure policies.	
	Knows how to verify tax obligations Aware of the existence of deferred tax obligations when relevant.	Consider all tax obligations when preparing budgets and making long-term plans	
	Aware of different tax treatments for various financial products such as mortgages, pensions or savings	Takes fiscal treatments into account when choosing financial products	

## Texts

### Text 1

#### Types of taxes<sup>3 4</sup>

<p style="text-align: center;"><u>DIRECT TAXES</u></p> <p style="text-align: center;">These are taxes that have to be paid if you have assets or if you get income from work, capital, business activity or any economic income you buy</p>	<p style="text-align: center;"><u>INDIRECT TAXES</u></p> <p style="text-align: center;">These are taxes that are paid when buying services and products or when rights and goods are transferred</p>
<p>Personal Income Tax: This tax is the one that is taken off the payroll every month. The percentage that is deducted from the payroll is calculated taking into account the earnings received, so that, at higher incomes, a higher percentage of Personal Income Tax will have to be contributed.</p> <p>Non-Resident Income Tax: It is the same as the Personal Income Tax but for all those whose residence is outside of Spain.</p> <p>Tax on Companies: It is a tax paid by all those companies that have obtained benefits from their economic activities.</p>	<p>Value Added Tax (VAT): This is the famous VAT we pay for all those products and services that we consume. Depending on the type of product or service, a percentage or another will be paid.</p> <p>Tax on Property Transfer and Documented Legal Acts: It is a tax that is paid when a good or right of all kinds is sold.</p> <p>Customs income: It is a tax that is paid when importing goods from any country outside the European Union.</p> <p>Special taxes: It is a tax that is paid for certain goods that have a special treatment such as tobacco, alcohol, light, hydrocarbons.</p>

<sup>3</sup> Source: BFF Banking Group. (2016). Impuestos directos e indirectos. Cómo diferenciarlos [Infografía]. Retrieved from <http://www.cuentafacto.es/tu-interes/impuestos-directos-indirectos-diferenciarlos/>

<sup>4</sup> We encourage educators to find information about other taxes applied to their own country and to the particular situation of the young people they work with.

**Tax on Inheritances and Donations:**

The most popular case that we know about this tax is that related to inheritances and the tax that has to be paid when we receive them. Any good or income that is received for free has to pay this tax that will vary depending on the amount received.

**Wealth Tax:** It is a tax that takes into account the amount of goods (except the habitual residence) and wealth (jewelry, works of art, etc.) that a person has. In Spain this tax will have to be paid by all those whose wealth exceeds 700,000E.

**Property Tax:** This tax is the known IBI that is paid for housing and other types of real estate.

**Tax on Economic Activities:** It is a tax paid for those economic activities carried out by both individuals and companies.

**Tax on Mechanical Traction Vehicles:** This is the well-known road tax paid when you own a vehicle authorised to move around the country. It is a tax that is paid to the municipalities.

## Activities

### Activity 1

After reading about the different types of taxes, answer the following questions:

1. Investigate in your country what kinds of taxes have been paid in the last year.
2. When buying a home, find out what taxes you will have to pay.
3. When buying a car, find out what taxes you will have to pay.
4. Find out the VAT that each of the products available on the market have or those that you usually consume.

### Text 2

What happens if I get caught without a ticket on a bus?

Failure to present a valid ticket on a bus when challenged by a driver or inspector is in breach of the Public Service Vehicle Regulations and is a criminal offence. Therefore, if you are caught without a ticket or an incorrect ticket on a bus TfL will either issue you with a penalty fare or you may be prosecuted instead.

It is the responsibility of all passengers to ensure that they have the correct ticket for their journey. Therefore, for example if an Oyster reader or a roadside ticket machine is not working, you should ensure that you inform the driver at the earliest opportunity to ensure that alternative arrangements can be made.

If you are stopped without a ticket but not issued a penalty fare, you should expect to receive a letter from London Buses within a few days outlining where and at what time you were stopped. This letter will ask you for any comments relating to the issue and will be accompanied by a freepost envelope. This provides you with an opportunity to outline any issues you may consider are relevant to your case.

Within six months of the incident taking place, London Buses will make a decision as to whether to forward your case for prosecution or not. If they decide to prosecute, you will receive a Court Summons to appear at one of four Magistrates' Courts in London.

A record of the fine will be maintained by the Magistrates' Court for a period of five years.

London TravelWatch considers that fare evasion is a significant issue for London, and believes that those who do not pay the relevant fare for their journey are cheating London's taxpayers and other fare-paying passengers. We encourage all transport operators to ensure that all revenue due to them is paid.

This information is provided in order to increase awareness of fare evasion issues and the prosecution process. You should note that London TravelWatch is not competent to provide legal advice on such issues, and we would always recommend that you immediately seek legal advice from your solicitor or local Citizen's Advice Bureau in the event of a threat of prosecution.

Source: London TravelWatch. (2018). What happens if I get caught without a ticket on a bus?. Retrieved from [https://www.londontravelwatch.org.uk/faqs/buses/what\\_happens\\_if\\_i\\_get\\_caught\\_without\\_a\\_ticket\\_on\\_a\\_bus](https://www.londontravelwatch.org.uk/faqs/buses/what_happens_if_i_get_caught_without_a_ticket_on_a_bus)

### Activity 2

Discuss and answer the questions after reading the article above:

- The article says that “those who do not pay the relevant fare for their journey are cheating London’s taxpayers and other fare-paying passengers”. Do you agree with this? How is the cost of public transportation covered in your city? Is it all paid by the travellers’ tickets or is it paid in part by the people’s taxes as well?

Investigate what the taxes are invested on in your country, and what percentage is invested in education, health, and other services. Do you think it is a fair distribution? Do you believe that paying taxes is worth it, if it leads to high quality public services in your country and city? Do you believe the people’s taxes are well invested in your country?

**Subtopic 6: Fundraising**

<b>Focus of this part:</b>
✓ <b>What can I use it for?</b>

**What will we learn?**

<b>Financial Competences</b>	a) awareness, knowledge and understanding	b) skills and behaviour	c) confidence, motivation and attitudes
	FINANCIAL LANDSCAPE (D.IV FINANCIAL PRODUCTS AND SERVICES)		
	Underpinning competencies		
	Aware of the different types of financial products and services available (including those delivered via digital means)  Knows which features are the most important to consider when choosing financial products and services	Actively seeks information on the important features of a financial product when making a choice  Chooses and uses appropriate financial products and services from among those available (which may include those delivered via digital means)	Confident to be able to make an informed decision about using a traditional or new type of financial product or service
	Basic competencies		
Knows that the financial product or service that is appropriate for an individual depends on a number of personal [and household] factors which may include economic, cultural, ethical or religious preferences  Aware: - of financial service providers offering relevant products in the local area or online	Aims to choose financial products and services that are consistent with personal preferences		



	<p>Aware</p> <ul style="list-style-type: none"> <li>- that financial products [such as savings, credit, pensions or insurance depending on national circumstances] may be offered through non-financial organisations such as schools, employers, shops, religious groups or leisure clubs</li> <li>- of the potential risks of using informal products [and ways of reducing these if necessary]</li> </ul>	<p>Takes note of relevant financial products and services offered through non-financial organisations and makes an informed decision about their suitability</p>	
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## Texts

### Text 1

Crowdfunding campaign raises £16,000 to fund aspiring NHS physiotherapist's studies

"An aspiring NHS physiotherapist who sometimes slept just one hour a night in order to fund his education spoke of his joy and gratitude after a crowdfunding campaign, launched by a total stranger, raised more than £16,000 in a week to help him.

Michael Olorode, a 21-year-old biomedical science student at Aberdeen's Robert Gordon University who found himself ineligible for a student loan, works 38 hours each week in night shifts at Sainsbury's to support himself during his studies.

He often finishes shifts at 8am before going to lectures at 9am.

Impressed with Michael's "resilience and dedication", blogger Lateef Saka decided to set up a GoFundMe page with the intention of easing Michael's financial burden.

"He's a really lovely, optimistic guy and I'm very hopeful and happy that he will get closer to achieving his dream and seeing his hard work recognised," Lateef said.

"I didn't think it would reach the amount that it did, but I thought even £1,000 would have been a helping hand in some way."

Since the page went live on 27 November, donations from others touched by Michael's story have flooded in, with GoFundMe itself donating £1,000 to the campaign.

"These funds are allowing me to be a student for the first time. I don't have to work full time hours alongside my full time degree, I can finally devote the time that I need to towards my education," Mr Olorode told The Independent."

Source: Gregory, A. (2018, December 14<sup>th</sup>). Crowdfunding campaign raises £16,000 to fund aspiring NHS physiotherapist's studies. The Independent. Retrieved from <https://www.independent.co.uk/news/uk/michael-olorode-crowdfunding-gofundme-student-loan-support-aberdeen-university-a8672766.html>

## Activities

### Activity 1

#### What is crowdfunding and what can we use it for?

After reading the text, discuss and answer the following questions:

- Have you heard about crowdfunding before? Do you know of examples of projects that have been funded by a crowdfunding initiative? Give some examples that you know of. You can also investigate initiatives in your country or your city.
- Although we might think that crowdfunding is only for projects or business ideas, in this case we see that it can also be used for funding your studies. What other situations do you think you could use crowdfunding for?
- Do you think it is useful? What do you think are the positives and the limitations of crowdfunding?

### Activity 2

#### How can we use crowdfunding?

Crowdfunding is a collaborative tool that allows to obtain financing for a project, cause or business that a specific person wants to undertake. This person, through public dissemination, presents his project and requests people who want to invest in it, eliminating, in this way, the financial intermediation that we traditionally know.

At present there are many platforms for collective financing through the Internet to which we can go, to request financial support for a large number of purposes. Not all platforms are good for everything, for this reason the following group activity is proposed.

Conduct research on crowdfunding web platforms. For this, you can split in small groups to research on different platforms, analysing what each one of them offers. Afterwards, each group will make a presentation of the analysed platform so that the rest of the participants know the variety of existing platforms and their different uses

The platforms proposed for the activity are the following, but you can also find others:

- Kickstarter: <https://www.kickstarter.com/>
- Indiegogo: <https://www.indiegogo.com/>
- GoFundMe: <https://www.gofundme.com/>
- Ulule: <https://es.ulule.com/>
- Verkami: <https://www.verkami.com/>

## Text 2

### **CALLS FOR PROPOSALS AND TENDERS IN THE EUROPEAN UNION**

What are calls for proposals?

With calls for proposals the Commission selects, on a competitive basis, organisations or natural persons to implement projects co- financed by EU because these projects contribute to EU policy aims

What are calls for tenders?

With calls for tenders the Commission aims to purchase goods, services or works in exchange for payment of an agreed price.

Source: European Commission. (2018). Funding & Tenders opportunities. Retrieved from <https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/home>

## Activity 3

### **Finding opportunities for funding**

The European Union, just like many local governments, also offers the opportunity for individuals and organizations to present their proposals in order to gain funding from them. This usually is limited by the priorities the body that offers the funding has. For example, the “Rights, Equality and Citizenship Programme (REC)” programme from the European Union has published different calls, with certain priorities:

- Support dialogue and exchange of best practice in fostering tolerance and mutual respect
- Action grants to foster the successful inclusion and participation of European citizens in their host EU country's civic and political life

Now, imagine that you are part of a youth association that wants to present a proposal for funding:

- First, investigate the “[Funding & Tenders](#)” portal from the European Commission, and look for different calls:
- Then, choose a call that is aligned to something you would like to work on (for example, fostering the successful inclusion and participation of young European citizens in their political and civic life).
- Once you have chosen the call, read the priorities and make a short draft of the project you would present: with a) objectives, b) activities, c) organization and timeline, d) results to be achieved, f) budget of your prevision of expenses

# Topic 6: BUSINESS

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## Sections

- Money in Business and Companies
- Commercial Transactions
- Accounting



## Topic 6: Business

### What will we learn?

Financial Competences	a) awareness, knowledge and understanding	b) skills and behaviour	c) confidence, motivation and attitudes
	PLANNING AND MANAGING FINANCES (B. II. MANAGING INCOME AND EXPENDITURE)		
	Underpinning competencies		
	Understands why it is important to manage	<p>Calculates or takes note of net income.</p> <p>Distinguishes between fixed and variable expenses.</p> <p>Treats essential spending as a higher priority than discretionary spending</p> <p>Controls revenue and expenses and makes adjustments when necessary</p>	<p>Confident to:</p> <ul style="list-style-type: none"> <li>• Make independent decisions about income and expenses</li> <li>• Establish personal priorities in terms of essential and discretionary spending</li> </ul>
	Basic competencies		
	<p>Understands the importance of planning for irregular expenses.</p> <p>Can identify options to pay for unexpected expenses.</p> <p>Know how much money would be needed to cover expenses in case of a loss of income</p>	<p>Saves money for irregular expenses that cannot be paid with current income</p> <p>Seeks ways to adjust income or expenses as needed.</p> <p>Makes long-term plans to minimize or reduce very large essential expenses when they have an impact on the standard of living.</p>	
<p>Knows that different stages of life and particular, personal or domestic events can affect incomes and expenses</p> <p>Aware that family, community and socio-cultural values and customs can influence the way people manage their money.</p>	Maintains business income and expenses separate from those of the family.	<p>Accepts the responsibility of managing individual finances [and possibly those of the household]</p> <p>Comfortable discussing planning and managing finances with other significant people.</p> <p>Confident to act on behalf of others to manage your financial affairs if you are given the legal responsibility to do so.</p>	
	Makes informed decisions about the use of income and exceptional assets received, such as gifts, prizes or inheritances.		

## Subtopic 1: Money in business and companies

### Focus of this part:

- ✓ Can we have access to money for our ideas?
- ✓ Can we set up businesses?

### Texts

#### Text 1

##### THE FISHERMAN AND THE ANCHOVY

A fisherman took out the net and found an anchovy. She begged him to release her, because it was still small, that if he caught her later, he would get more out of it. But the fisherman said: "Well, I would be very stupid if I let the profit I have in hand escape in the hope of getting what cannot be seen."

"AESOP'S FABLES " (18)

### Activities

#### Activity 1

Reflections about investment, risk and profitability

This fable deals with the question of investment; that is, of the present gain compared with the hope of earning more in the future; you may miss the opportunity to find a larger anchovy but you can take the opportunity of keeping the small anchovy.

After reading the text, talk about what this story makes you think of and answer the following questions:

- What do you think would be the smartest solution?
- How do you think you can win in the situation that the fable poses?
- Is it better to secure a small profit or wait for a bigger one?

## Text 2

### FORMING AN ASSOCIATION

A group of friends has seen that in their neighbourhood there are a lot of young people who are unemployed or who do not know their rights in the workplace. For this reason, they want to meet to form an association aimed at young people in the neighbourhood where mutual support can be given, both for training and to share job opportunities, as well as to know their rights as workers.

An association is a group of people who organise themselves to carry out not-for-profit and democratic collective activity. Unlike other forms of organising and acting, an association enjoys a legal identity, which allows it to acquire rights and incur obligations. This establishes a differentiation between the assets of the association and that of the associated persons.

Depending on the main activity of the association we can find different types of associations. If we look at its purpose we can see:

- a) Associations with aims and objectives whose activity is directed towards the associated persons.
- b) General purpose associations whose activity is not only directed towards the associated people but also reaches third parties.

According to their scope of action they can be focused on:

Neighbourhood

Education

Culture

Sports

Environment

Socioeconomic

Non-Governmental Organisation (NGO)

Free time

Children, older people or disadvantaged groups

To be able to form an association you need to create the following documents<sup>5</sup>:

Rules of the association. They should be developed taking into account the rules and the line of work of the association. They must be realistic statutes with the mission of the association. They have to contemplate the name that will take the association, the address, the purpose and the activities to be carried out, the organs of government and representation, the economic regime and the mode of dissolution and liquidation, where appropriate, the territorial scope of action.

Founding act of the association. They are the people who are going to found the association and who agree on the creation of the association, in the approval of the statutes that will govern it and in the election of the people that will be part of the meeting.

Register the association. Once you have these two documents (founding charter and statutes of the association) duly signed by the founding members, we must go to the nearest Registry to deliver the documentation and send it to the Registry of Associations, since this last, it will depend on whether we want to register the association in the national registry or in an regional registry.

## Activity 2

### Let's start to create our own youth association!

To begin with: writing and agreeing our rules

After reading Text 2, we suggest that you follow the statement and constitute a group' youth association for your neighbourhood. For this, we suggest you to follow the following itinerary:

Decide what kind of association you want to create: the mission, the vision and the values.

Find out different models of statutes to create the association. Once debated and agreed upon in a group, draw up a template of the statutes that will govern your association. Below is a list of just some of the statutes, that you can check

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<sup>5</sup> The names of these documents could be different depending on the country. Educators can find the specific type of documents applicable to their countries before implementing the activity, or encourage young people to research them. The same applies to the laws enabling associations or other similar organisations, as they are different in each country.

as an example at a European level. We suggest that you also check the statutes from local organisations in your country, city or neighbourhood:

- European Youth Press – network of young media makers e.V.  
<http://www.youthpress.org/about/statutes/>
- European Youth Forum  
[https://www.youthforum.org/sites/default/files/page-pdfs/0010-14\\_European\\_Youth\\_Forum\\_statutes\\_ENG\\_FINAL\\_APRIL2014.pdf](https://www.youthforum.org/sites/default/files/page-pdfs/0010-14_European_Youth_Forum_statutes_ENG_FINAL_APRIL2014.pdf)
- European Cytogeneticists Association <https://www.e-c-a.eu/en/STATUTES-OF-THE-ASSOCIATION.html>
- Association of Economic Universities of South and Eastern Europe and the Black Sea Region <http://asecu-youth.com/statute/>

There are often consultancy services that can help you with setting up this type of documents, and also advice you about other initial steps of creating an association. Search if there are organizations in your country or city that offer this kind of assistance and find out what services they offer, that could be useful for you if you ever decide to create an association.

### Activity 3

Once the association is drawn up, it needs to be put into operation. To do this, draw up an action plan for the new association.

Keep in mind that this plan should include the following items:

- Small study of the environment.
- Identifying information of each of the activities to be carried out.
- Expenses estimated for each of the activities, taking into account income, material resources (local expenses, material, etc.), economic resources (budget and funding search), and human resources (staff, volunteers, training).
- Objectives and indicators of the realisation of each of the activities.
- Evaluation criteria.
- Methodology to be used.
- Timeline of activities to be carried out.
- Forecasting of legal aspects (public liability, creating a VAT, etc.)

#### Activity 4

##### Financing

It is necessary to think if the association will need external economic resources to function. For this reason:

- Find out through which channels an association can get financial resources.

#### Activity 5

##### Reflection about the risks of an investment

After establishing the association and the action plan drawn up, we invite you to discuss the following issues:

- Do you think the constitution of an association can go wrong? Why?
- What dangers can occur in terms of indebtedness?
- What happens if the association's expenses cannot be covered?
- How can we plan and prevent situations of indebtedment? Make a list of measures that you can do when creating and managing an association to ensure its financial sustainability. You can discuss it with you group mates and you can also look up information.

## Subtopic 2: Commercial transactions

### Focus of this part:

- ✓ Do commercial transactions work in the same way for individuals and companies?
- ✓ How do we obtain information to make good decisions?

### Texts

#### Text 1

Commercial transactions are those that seek to provide us with the information necessary to keep a more organised control of the operations carried out in a company or business. A commercial transaction can be, for example, a sale, a payment, a purchase, a refund, and so on. A transaction, therefore, is an act of intent through which two or more persons sign an agreement that, in some way, affects the value of the enterprise.

Depending on the circumstances in which the operations of a company affect or not their assets, business transactions can be<sup>6</sup>:

- Purchasing goods and materials: For example, purchase of furniture. If you pay it with cash, the furniture assets will increase at the same time that the cash funds decrease. If you purchase it with credit, the furniture funds will increase and it will be paid after some time (typically at the end of the month)
- Purchasing services: For example, repairs to equipment, advertising, or printing costs.
- Sales: for example, the sales of food and other products, if you own a shop at a market.
- Paying wages and salaries: If you have hired employees.
- Purchase of non-current assets: They are assets for which the full value will not be realized within the current accounting year. For example, investments in property, land, intellectual property (patents, trademarks), equipment or other long-term investments.
- Raising finance and paying rewards to the suppliers of finance: For example, when an owner puts capital into a business, they expect to receive a reward afterwards based on the profit of that business. Or when we ask for loan, we have to pay an interest to the bank after some time.

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<sup>6</sup> Source: OpenTuition. (2018). Types of Business Transactions and Documentation. Retrieved from <https://opentuition.com/fia/fa1/types-of-business-transactions/>

- Accounting for and paying tax: For example, taxes that a business has to pay on their income. Although you do not have to pay taxes on all types of income, it is good to clearly know what you have to pay, or to hire a consultancy service that can help you ensure that you are up to date with the taxes you should be paying.
- Movements of cash and money in the bank account: With the business transactions explained above, we will be putting money into our bank account or taking money from it. It is important to keep track of these and record clearly what the cash and money movements have been made for.

## Activities

### Activity 1

#### Business transactions

Below we list some commercial transactions to be classified according to the models described above.

- Paying the monthly fee of a consultancy service:
- Bank deposit:
- Donation to an NGO:
- Acquisition of furniture:
- Paying the insurance for the volunteers we have in our organization:
- Purchasing a computer for our office:
- Income received as payment for a conference we gave:

### Activity 2

#### The expenses

Answer the following questions based on the association set up in the “1. Money in business and companies” subtopic of the guide.

- Identify the consumption of electricity, water and telephone of the association, taking into account the type of premises that has been decided.
- How would you reduce the size of previous invoices?
- Where can we turn to reduce the size of these invoices?
- Are there grants to deal with unexpected or high payments?

### Subtopic 3: Accounting

**Focus of this part:**

- ✓ **Why is accounting important?**
- ✓ **How can we apply it every day?**

#### Texts

##### Text 1

**ORIGIN OF ACCOUNTING, MONEY AND WRITING**

The first money documented was barley, in the Sumerian civilisation in 3000 BC. The Sumerians based their society on hydraulics, with which, with the construction of channels to divert water from the Tigris and Euphrates rivers, they were able to take full advantage of agriculture, significantly increasing production and population, and from which, at the same time the first large urban concentrations would emerge. The increase in production made it necessary to catalogue and account for the goods, and to depict this account with pictograms showing the product, the quantity, the owner and the time worked. The increase in products and exchanges generated more complex descriptions, thus giving rise to writing, which would later be used for other uses beyond accounting, such as explaining legends, laws or historical facts.

Barley used as money also has an intrinsic value as food but is difficult to store and transport, and this led to the use of fixed metal weights over time, such as the silver shekel, which was a silver weight equivalent to 16 or 17 grammes, as exchange value. In the Old Testament of the Bible Joseph's brother sold him as a slave for 20 silver coins. Currently the currency of Israel is called shekel.

From the fixed weights arose the first stamped coins, which indicated the value and the authority which stamped it. They were coined for the first time in 640 BC by King Aliates de Lidia. This fact represented two advantages with respect to the value by weight of the metal, since in indicating the value it was no longer necessary to weigh it for each transaction, and also the mark of the authority indicated the guarantee of this value. Sometimes the equivalence of the currency referred to another product, for example the ace, an ancient Roman coin, represented the value of a hundredth part of a cow.

This invention of the seventh century BC, lasted 2658 years, and we can see how the current euro coins tell us the value, and the country and map of the European Union as the competent authority that guarantees its value.

One more step represented the appearance of paper money; in China in the seventh century AD, to facilitate commercial transactions, and avoid large coinage. The value of paper money was equivalent to a quantity of gold or silver.

## How do we keep track of the money in our business?

Keeping track of the money allows us to make decisions about it. If it is us who manage the money in our house, it is important that we keep track of what our expenses and income are. That way we will not spend more money than we have.

### Activities

#### Activity 1

##### Calculate or take note of net income

Taking the creation of the association described above as an example, as a team you decide to accept a donation of an old desk because there is still not enough money in your association. But this desk it is broken. Is there enough money to buy a new one? Can it be managed?

In order to make a decision, we will have to see what income we have had and what expenses we have made.

In the month of February we have had the following INCOME:

Concept of income	Amount
Donation from the sales of drinks and chocolate at the neighbourhood's annual festival	850 €
T-shirt sales	600 €
Sale of badges	200 €
TOTAL	1.650 €

But we have also had the following EXPENSES:

Concept of expenses	Amount
Rental of shared premises + supplies	500 €
Purchase of T-shirts to sell	250 €
Purchase of drinks and chocolate for the neighbourhood's party	300 €
Rental of refrigerators for the festival	100 €
Purchase of ice for drinks	50 €
Purchase of pickles	50 €
Purchase of hot chocolate	100 €
Purchase of material for chocolate	100 €
<b>TOTAL</b>	<b>1.450 €</b>

Having this data, we can calculate the net income (also called "Balance").

To calculate it, we only have to subtract from the income that we have had, all the expenses of that period.

$$\text{Net income} = \text{income} - \text{total expenses (cost of raw materials, expenses and taxes)}$$

In our example, the net income would be:  
$$1650\text{€} - 1450\text{€} = 200\text{€}$$

And what can we do with this net income?

In the case that we are a company: Net income can be used to divide up among shareholders (what we call dividends) or can be reinvested in the company itself.

In the case that we are an NGO or non-profit entity: Revenues are always reinvested in the NGO itself.

In this case, buying a desk would be reinvested in the association itself. So, therefore, can we buy a desk for the entity taking into account that our net income is 200€?

### Text 2:

#### Distinguish between fixed and variable expenses

Look at the difference between the expenses of the month of February and those of the month of March:

February		March	
Item	Amount	Item	Amount
Rental of shared premises + supplies	500 €	Rental of shared premises + supplies	500 €
Buy T-shirts to sell	250 €	Purchase of material for the International Workers' Day banners	50 €
Purchase of drinks for the neighbourhood's party and chocolate	300 €	TOTAL	550 €
Rental of refrigerators for the festival	100 €		
Buy ice for drinks	50 €		
Purchase of pickles	50 €		

Buy hot chocolate	100 €
Purchase material for chocolate	100 €
TOTAL	1.450 €

As you can see, there are some expenses that are vary from one month to another, and depend on the activities that the entity does. But there are some that are fixed, and even if we do, or do not do, activities we will have to pay for them.

Fixed costs	Variable costs
<p>Are those expenses that usually don't change.</p> <p>They are often called "structural expenses" because they somehow sustain the organisation</p> <p>They can also be called "recurring costs" because they are repeated periodically</p>	<p>Are those expenses that change depending on the activity? That is, if the activity increases, variable costs increase. If the activity decreases, so do the costs.</p>
<p>Some examples:</p> <ul style="list-style-type: none"> <li>- Staff costs of permanent workers</li> <li>- Rental of premises</li> <li>- Supplies (water, electricity, gas...)</li> <li>- Taxes</li> </ul>	<p>Some examples:</p> <ul style="list-style-type: none"> <li>• Wages of workers who work only for one activity</li> <li>• Direct raw materials and materials used for activities</li> </ul>

Associations and companies try to reduce fixed costs as much as possible. In this way, they are more flexible and can spend based on the income they have. It is very difficult to do so, and often, if you are a large company or entity, it is impossible not to have a minimum of fixed costs. But to have good management, sometimes you have to try to reduce fixed costs. It is not always like this, though, as you have to ensure some stability in order to achieve good results, for example, ensuring that you have the necessary staff to carry out the most important tasks to keep the business or organisation up.

There will be months where there are some unforeseen activities or some activity that requires spending more money than we received that month, as for example if we break a desktop computer. Therefore, it is important that we save money for contingencies that cannot be paid for with current income.

In addition, we have to differentiate between the expenses that are essential, that we cannot avoid (essential expenses) of those that we can do without (discretionary expenses). The essential expenses must have a higher priority than the discretionary ones because without them, our quality of life would be reduced, or it would be very difficult for us to meet the objectives of the organisation.

### Activity 2

Below are the expenses of an NGO. Distinguish between those that you think could be essential expenses and those that are discretionary

Rent, water, electricity, heating, internet, fixed telephony, mobile telephony, advertising expenses, agency, bank charges, salaries, audit, office material, travel, payment of training for employees, computer equipment.

Essential expenses	Discretionary expenses

Now try to think about the monthly expenses you have at home. Can you classify them as essential and discretionary?

Essential expenses	Discretionary expenses

As you can see, many times the essential expenses are fixed expenses. Therefore, if we want to save, we can try to find cheaper alternatives (or free). Think that if we save 10€ each month in an essential monthly expense, at the end of the year we will be saving 120€.

### Text 3

#### What is accounting?

Given that, we all have in our daily lives the need to have a certain control of what our expenses and income are, accounting is a powerful tool that helps us to know what needs to be met, and what resources we have for it. Without this periodic review, we would risk losing control of our money, or otherwise ignore the amount of loans that the bank had given us to buy or rent a store, a workshop or an apartment, and we still will have to repay.

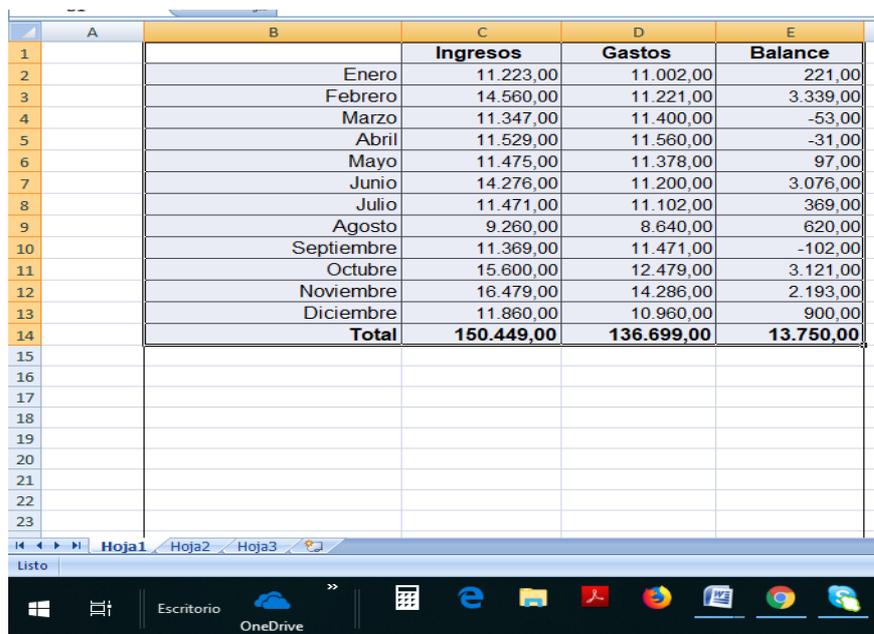
Imagine that we want to set up a repair shop for cars and motorcycles. For this we need a store and the purchase of tools, lifting equipment necessary for this. Once the loan is obtained, we need to keep track of how much we charge and how much we have to pay back.

## How can we apply accountancy every day?

Accounting can be applied on a day-to-day basis through the cash account to deal with small bills and payments, but an important objective is to make payments through bank transfers, and after checking the invoices, to record them.

An accounting application is useful because we can get to determine what the fixed costs and the variable expenses are. Accounting helps to make adjustments or corrections when necessary and allows us to make plans for the future.

Today there are many applications which allow us to record all our expenses and incomes and give us an overview throughout the year. Among all this wide range, a simple and effective option can be to establish all the records related to expenses and income in a simple spreadsheet. (Open Office, Google Sheets, Windows Excel, etc.) The advantages it offers are many, but the most important is that it is very flexible and powerful. With Excel we can create a simple domestic budget or a very complex one, we can apply filters, make graphics, etc. See the following example:



	A	B	C	D	E
1			<b>Ingresos</b>	<b>Gastos</b>	<b>Balance</b>
2		Enero	11.223,00	11.002,00	221,00
3		Febrero	14.560,00	11.221,00	3.339,00
4		Marzo	11.347,00	11.400,00	-53,00
5		Abril	11.529,00	11.560,00	-31,00
6		Mayo	11.475,00	11.378,00	97,00
7		Junio	14.276,00	11.200,00	3.076,00
8		Julio	11.471,00	11.102,00	369,00
9		Agosto	9.260,00	8.640,00	620,00
10		Septiembre	11.369,00	11.471,00	-102,00
11		Octubre	15.600,00	12.479,00	3.121,00
12		Noviembre	16.479,00	14.286,00	2.193,00
13		Diciembre	11.860,00	10.960,00	900,00
14		<b>Total</b>	<b>150.449,00</b>	<b>136.699,00</b>	<b>13.750,00</b>
15					
16					
17					
18					
19					
20					
21					
22					
23					

This example can be used as an annual audit, but it also allows us to account monthly by assigning an Excel spreadsheet to each month.

## Activity 3

**Create your own spreadsheet as a tool to keep track of the accounting in your business**

Steps to follow to keep the accounting through a Spreadsheet:

Step 1:

Explore your personal or business finances in order to know the best way to use a Spreadsheet. The different alternatives are to make inquiries about accounts receivable and payable, including payroll, incomes, and public services and expenses to be paid.

Step 2:

Open the Excel programme on your computer and then create a new spread sheet by clicking on the blank page icon at the top left of the screen.

Situate yourself with Excel format. The page is made up of a grid that creates frames. The information (expenses, income, etc.) you have to enter can be written in each grid.

	A	B	C	D	E
1					
2					
3					
4					
5					
6					

Step 3:

First, put the titles corresponding to the headings of the rows and columns of your spread sheet. You can use the first column to create the list corresponding to all the dates in a given month, the second column can be used for the list of the corresponding accounts when charging and the third column for the list of the corresponding accounts to pay.

	A	B	C
1		<b>CHARGES</b>	<b>PAYMENTS</b>
2	January		
3	February		
4	March		
5	April		
6	May		
7	June		
8	July		
9	August		
10	September		
11	October		
12	November		
13	December		

Step 4:

In this step, fill in the information in each corresponding box. For example, in the case of the workshop the charges made in the month (11,223€) and in the following box the payments made in the month (11,002€).

	A	B	C
1		<b>CHARGES</b>	<b>PAYMENTS</b>
2	January	11.223,00 €	11.002,00 €
3	February		
4	March		

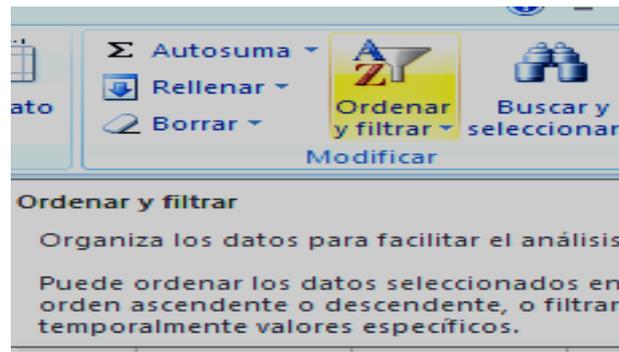
Step 5:

Add the total amounts in euros of each column. Taking into account our example, we would have a total of accounts receivable and a total of accounts of the amounts paid. It is possible that Subtotals can be carried out by Trimesters in order to know the quarterly development.

	A	B	C	D
1		<b>CHARGES</b>	<b>PAYMENTS</b>	<b>TOTAL BENEFITS</b>
2	January	11.223,00 €	11.002,00 €	221,00 €
3	February	10.700,00 €	10.100,00 €	600,00 €
4	March	12.004,00 €	11.305,00 €	699,00 €
5	April	11.956,00 €	11.109,00 €	847,00 €
6	May			- €
7	June			- €
8	July			- €
9	August			- €
10	September			- €
11	October			- €
12	November			- €
13	December			- €
14	<b>TOTAL</b>	45.883,00 €	43.516,00 €	2.367,00 €

Step 6:

You can sort the information from highest to lowest or lowest to highest by clicking on the option "Sort and Filter" to see the income and expenses that have the highest or lowest amounts.



As an example and if necessary the tables also allow grouping by different concepts in the following way in the case of a household:

- Household expenses
- Transportation expenses
- Health expenses
- Expenses of daily life
- Entertainment expenses
- Intended for saving

To start a business, you can use the previous Excel table. Of course, for a larger business, a more powerful accounting application is necessary of the many that exist such as: Contaplus, Contabilidad.Net, ContaLux, etc.

#### Text 4

#### ACCOUNTING AND TRANSPARENCY

Accounting, furthermore, allows us to offer a transparent and clear image of our NGO or Enterprise:

##### Principle 7 of Control in the Use of Funds

“To improve trust it is important to know the destination of the NGO funds, specifically how much is allocated to projects, how much is spent on the direction and management of the NGO and how much in fundraising activities. Having an expense approval policy and selection criteria for suppliers approved by the governing body of the entity will contribute to the control of the use of the funds.

The NGO must prepare an income and expenditure budget, since this is a fundamental management tool and it helps to plan activities consistent with existing resources. The subsequent liquidation of the budget is of great help to detect possible deviations and analyse their reasons.”

Source: Own translation of the text from Fundación Lealtad. (2019). Retrieved from <https://www.fundacionlealtad.org/principio/principio-de-control-en-la-utilizacion-de-fondos/>

#### Activity 4:

The importance of clear accounting for transparency

Read the text and answer the following questions:

- Had you ever thought about the importance of transparency in NGOs or in a business? Discuss in your small group and write a list of reasons for why it is important to be transparent and how it can benefit your business or organisation.
- Find out about 3 different NGOs and 3 different businesses that you know and evaluate with your classmates if, for what you see in their website and according to the principle described above, they are transparent enough.
- What kind of information do they have that lets you know their level of transparency? What information is missing?

## 5. References

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**Amalipe. Center for Interethnic DialogandTolerance**



<http://www.amalipe.com/>

**Fondazione Hallgarten-Franchetti Centro Studi Villa Montesca**



[www.montesca.it](http://www.montesca.it)

**The University of Warwick**



<http://www2.warwick.ac.uk/>

**Federation of Cultural and Adult Education Associations**



<http://www.facepa.org>

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