



Induction Training Programme

Lesson Plans of Workshop 6
Topic: Borrowing Money



A Family Learning Model to
Promote Financial Literacy

INTRODUCTION

The Piggy Bank project team has created a series of eight half-day workshops for parents and guardians. The goal of workshops number 1 to 6 is to develop the financial literacy capacity of parents and guardians. The purpose of workshops number 7 and 8 is to support parents and guardians in their role as facilitators of family learning.

Welcome to workshop number 6!

The topic of this workshop is 'Borrowing Money'. After completing this workshop, parents and guardians will be able to:

- Play a more active role in the education of children to financial literacy.
- Give explanations to questions relating to the topic of the workshop – 'Borrowing Money'.
- Utilise new modern online educational tools, namely, Escape Room number 11 and 12 of the Piggy Bank project.
- Mention and explain a positive and negative scenario related to the topic "Borrowing money and a debt trap".
- Describe the positive and negative scenario regarding the topic "APR - Annual Percentage Rate".
- Talk about and discuss with children, especially teenagers, some of the various topics of financial literacy.
- Use practical tips on how to develop children's financial literacy.

In addition, during the workshop, parents and guardians will exchange practical experiences with other parents and guardians on the topic of raising children and the financial literacy of children. Simply stated, the workshop will make them better parents and guardians.



This work is licensed under a [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/).



The European Commission's support for the production of this publication does not constitute an endorsement of the contents, which reflect the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.



10 min

ACTIVITY 1

Opening of the workshop: Introduction of the learning objectives

At the beginning of the workshop, the trainer should welcome the participants and briefly acquaint them with the workshop schedule and the learning objectives. The learning objectives of this workshop are as follows.

Learning objectives

After completing this workshop, parents and guardians will be able to:

- Play a more active role in the education of children to financial literacy.
- Give explanations to questions relating to the topic of the workshop – ‘Borrowing Money’.
- Utilise new modern online educational tools, namely, Escape Room number 11 and 12 of the Piggy Bank project.
- Mention and explain a positive and negative scenario related to the topic “Borrowing money and a debt trap”.
- Describe the positive and negative scenario regarding the topic “APR - Annual Percentage Rate”.
- Talk about and discuss with children, especially teenagers, some of the various topics of financial literacy.
- Use practical tips on how to develop children's financial literacy.



30 min

ACTIVITY 2

Borrowing money and a debt trap – Positive and negative scenario

In this part of the workshop, the trainer will introduce the topic and a positive and negative scenario. Participants will discuss both scenarios. During the discussion, they will realise what they are doing well and what they are doing wrong in their family. Through this learning activity, participants will also exchange practical experiences related to the upbringing of children and teenagers.

A trainer can say a few words as an introduction to a topic, for example:

Since the origin of money, the lending of money and the ownership of money have been interrelated. Institutions and people who have a surplus of money lend it and earn interest for this service. Businesses and people who lack money borrow money and pay interest on it. In the financial world, the terms debt, debtor and creditor are used. Let's explain them briefly. Debt is

what someone owes to someone else. Debt is an obligation that requires one party, the debtor, to pay (usually money) another party, the creditor (lender). Some people borrow money very often, buy almost everything on debt and consider it to be perfectly normal. Other people hate debt and claim that borrowing money is the way to hell. In fact, none of these extreme views are true.

Sometimes in life, the majority of people find themselves in a situation where they do not have enough money to buy a particular thing. For example, they need to buy something expensive, such as an apartment, a house or a car. In that case, they have to consider whether to borrow money or not. On the one hand, borrowing money can cause you financial problems in the future, but on the other hand, borrowing money can save you some future costs such as renting an apartment. Borrowing money can be a risky discipline, and people should be familiar with it. Otherwise, they may end up trapped in debt. You have probably heard about people trapped in a debt trap. What is a debt trap? It is the situation when a borrower is unable to pay previous loans; their debts are too big for them. For the borrower, it is impossible to repay them all.



Negative scenario: In some families, living costs and expenses are higher than their income. It leads to a situation in which they have to borrow money to cover all of their expenses. The family begins to have various debts. Debts are rising, and also the amount of interest is rising that the family has to pay on loans. The family's financial situation is gradually getting worse. In the beginning, they borrow to buy goods and services; then they have to borrow to pay previous debts. And in the end, they find themselves in a debt trap. It is a situation when the debts are too big, and they are not able to repay them all. No one is willing to lend to them anymore, and the financial collapse of the family is approaching.

The trainer asks the participants the following questions for discussion:

- Why does this negative scenario occur in some families?
- How can this scenario affect the future of children, such as their future financial situation in adult life?



Positive scenario: In some families, they are very reluctant to buy anything on a debt. They consider the loan only in very rare cases and calculate whether it is financially advantageous. For example, they take a mortgage on an apartment to save on rental payments. If, for example, the monthly mortgage payment is lower than the rent, then the family will not be financially burdened every month, and they will not pay any rent after the mortgage is repaid. In some families, parents explain to their children that debts are dangerous and can lead to financial problems and even to life in a debt trap. These families regularly save and do not buy common goods or services on debt. They are also careful when using credit cards. The reason is that if you do not have your own money on the credit card, the bank will charge large rates of interest after some time, and it is a waste of money.

The trainer asks the participants the following questions for discussion:

- What obstacles prevent this positive scenario from functioning in all families?

- How can this scenario affect the future of children, such as their future financial situation in adult life?

At the end of this educational activity, the trainer can summarise the discussion:

- What have we discovered together?
- What seems most important?
- What should we remember from this learning activity?



40 min

ACTIVITY 3

How to use Piggy Bank escape room no. 11 to increase the financial literacy of children

The trainer can say a few words at the beginning of the activity, for example:

The trainer can say a few words at the beginning of the activity, for example:

Educating and communicating with adolescents is a demanding discipline. Most parents confirm this. Children and teenagers nowadays are still staring at their mobile phones and are not in the mood to discuss financial literacy with their parents. It is for these reasons the Piggy Bank project has created Escape Rooms. A total of 12 Escape rooms help parents engage their children and teach them financial literacy skills. It is excellent that children will not have to put away their beloved smartphones. All Piggy Bank escape rooms work on mobile phones, tablets and laptops. And these escape rooms create an opportunity for subsequent communication between parent and child on various topics related to finance and financial literacy. Firstly, parents must test out the escape rooms in practice and understand their functioning and content in order to be able to use this modern educational tool in the upbringing of children. Our workshops are an excellent opportunity to do so. So, your task will be to practically try escape room number 11 on your smartphone or tablet or laptop.

Role playing



The group of participants will be divided into pairs. Each pair will work independently. One from the couple will play the role of a teenager (let us say at the age of 15), and the other will play the role of a parent. Together, they will try to solve all the tasks of the escape room number 11. During or after the process of testing the escape room, they can ask each other various questions that come to their minds, with the teenager asking questions to the parent and the parent asking questions to the teenager.

Here is a link to the escape room:

https://docs.google.com/forms/d/e/1FAIpQLSdHdH3n4spHo20yrUqVZtw6lo9RbSE5U6c_Ua8lPaGt-TUXQ/viewform

After finishing the role-play, all participants will come together in one group, and the trainer will ask them about their feelings, experiences, ideas relating to the activity.

The trainer can use relevant questions, for example:

- How did you manage the tasks of the escape room?

- How did you like the activity?
- What did you discuss?
- What questions asked the teenager and what the parent?
- How would you use this educational tool to raise your child?



Tip!

Do not forget to thank the participants for their participation in the activity and providing their opinions at the end of each learning activity. And before the first break, tell the participants what refreshments are available, where the toilets are, and what time the next learning activity starts.



10 min

COFFEE BREAK



30 min

ACTIVITY 4

APR - Annual Percentage Rate – Positive and negative scenario

In this part of the workshop, the trainer will introduce the topic and a positive and negative scenario. Participants will discuss both scenarios. During the discussion, they will realise what they are doing well and what they are doing wrong in their family. Through this learning activity, participants will also exchange practical experiences related to the upbringing of children and teenagers.

The trainer can say a few words as an introduction to a topic, for example:

If you decide to take out a loan, you should find out key information before signing a particular loan agreement. What issues should you be clear about?

- How much money will you pay in total - for the whole process from signing the loan contract to paying off the last cent? Ask for a written estimate or quantification of all amounts, including all fees.
- How much would you be offered for the same loan elsewhere, in other banks or credit companies?
- How much is the APR (Annual Percentage Rate)?
- What happens if for some reason you are not able to repay the loan for some time?
- What happens if for some reason you are not able to repay the loan at all?

This information is usually included in the agreement, but sometimes it is formulated quite complicated.

The Annual Percentage Rate (APR) is the official rate used to help consumers understand the cost of credit, the actual yearly cost of funds over the term of a loan. It takes into account the interest rate and additional charges of credit that borrowers must pay. All lenders have to tell consumers

what the APR is before any signing of loan agreements. The APR provides consumers with a bottom-line number they can easily compare to rates from other lenders.



Negative scenario: In some families, they do not know what the APR (Annual Percentage Rate) is. They do not know this term and they are not able to explain or utilise it. When they take out a loan, they choose the lender according to the interest rate in the advertisement or on the advertising billboard. Some people do not compare the offers of different banks and cannot choose the best offer. They do not read the loan agreement, and they sign it without knowing what it contains and what risks it poses to their future.

The trainer asks the participants the following questions for discussion:

- Why does this negative scenario occur in some families?
- How can this scenario affect the future of children, such as their future financial situation in adult life?



Positive scenario: In some families, they know that APR is an important number that serves the customers of banks and credit companies. This number helps people choose the best loan or mortgage. Before signing the contract, the responsible person is clear on the following questions.

- How much money will I pay in total - for the whole process from signing the loan contract to paying off the last cent?
- For how much would they offer me the same loan elsewhere, in other banks or credit companies?
- How much is the APR (Annual Percentage Rate)?
- What happens if for some reason I am not able to repay the loan for some time?
- What happens if for some reason I am not able to repay the loan at all?

It is better to read the loan agreement twice and ask several “stupid” questions than to sign without understanding and have financial problems in future.

The trainer asks the participants the following questions for discussion:

- What obstacles prevent this positive scenario from functioning in all families?
- How can this scenario affect the future of children, such as their future financial situation in adult life?

At the end of this educational activity, the trainer can summarise the discussion:

- What have we discovered together?
- What seems most important?
- What should we remember from this learning activity?



50 min

ACTIVITY 5

How to use Piggy Bank escape room no. 12 to increase the financial literacy of children

Role playing



The group of participants will be divided into pairs. Each pair will work independently. One from the couple will play the role of a teenager (let us say at the age of 15), and the other will play the role of a parent. Together, they will try to solve all the tasks of the escape room number 12. During or after the process of testing the escape room, they can ask each other various questions that come to their minds, with the teenager asking questions to the parent and the parent asking questions to the teenager.

Here is a link to the escape room:

https://docs.google.com/forms/d/e/1FAIpQLSdSSSf1a1sm-Fd9Bea6_MfqtPOHJoR7cGfzm2vNsXA2FpM8Zw/viewform

After finishing the role-play, all participants will come together in one group, and the trainer will ask them about their feelings, experiences, ideas relating to the activity.

The trainer can use relevant questions, for example:

- How did you manage the tasks of the escape room?
- How did you like the activity?
- What did you discuss?
- What questions asked the teenager and what the parent?
- How would you use this educational tool to raise your child?



10 min

COFFEE BREAK



20 min

ACTIVITY 6

Good tips for parents on how to develop children's financial literacy

The Piggy Bank project has also developed an educational tool for younger children. This educational tool comprises of a suite of 12 comic books on various topics in the field of financial literacy. In this part of the workshop, the trainer will present the participants with one of these comic books. This comic book is on the topic of "Loans".

The trainer will hand out the comic book to the participants, and they will read it. After reading it, the trainer will initiate a short discussion. The trainer can use some of the following questions.

- How do you like the comics in terms of content and graphics?

- What is your opinion on the TIPS FOR PARENTS listed on the back of the comic?
- Do you have any tips or suggestions of your own that worked well in raising your children/teenagers to understand financial literacy better?



Tip!

Of course, the trainer can use other questions that will allow the exchange of good practices between parents in raising children and developing their financial literacy.



10 min

ACTIVITY 7

Summary of the workshop

At the end of the workshop, the trainer should provide participants with an opportunity to summarise the knowledge and skills learned. The trainer should also ask the participants for feedback and a brief evaluation of the workshop. The trainer can use, for example, some of the following questions:

- Which topic interested you the most during the workshop?
- What new knowledge and skills have you learned?
- Why is topic “Borrowing Money” important?
- How did you like the escape rooms?
- Is there anything you would like to change or improve in your family based on this workshop?
- How did you like the workshop?
- Which of the workshop activities did you enjoy the most and which the least?
- What would you like to learn in the next workshop?



Tip!

At the end of the workshop, don't forget to thank the participants for their participation and appreciate everything positive, such as the participants' activity, their opinions, creativity, practical experience of family life, cooperation with other participants, role-playing, etc.



PIGGY Bank

A Family Learning Model to
Promote Financial Literacy



Co-funded by the
Erasmus+ Programme
of the European Union

"The European Commission's support for the production of this publication does not constitute an endorsement of the contents, which reflect the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein."

2019-1-CZ01-KA204-061127