

## Lesson introduction

This lesson is designed to help children understand the similarities and difference between various ‘plastic’ cards that are used to pay for things in shops. This includes using a credit card to borrow money and having to pay back more than you owe because of interest. Pupils use a ‘decision tree’ to select methods of payment and to make spending choices. They explain their decisions by giving advice to a fictional character.

## Learning objectives

To:

- ◆ understand how to manage money
- ◆ become a critical consumer
- ◆ manage risks and emotions associated with money

## Vocabulary

Afford, spend, choose, cost, money, need, want, bank, account, electronic payment, debit card, credit card, gift card, lend, borrow, owe, debt, interest, savings.

## Learning outcomes

By the end of this lesson children will:

- ◆ be able to describe a range of ways to pay that don’t involve cash
- ◆ understand that a debit card is used to spend money from a bank account
- ◆ understand that a credit card is used to borrow money that has to be paid back and that you have to pay back more than you borrow because of ‘interest’
- ◆ be able to give reasons for spending choices and for using different methods of payment.

Timing	Task / activity	Resources
5 mins	<p><b>Starter activity</b></p> <p>Start the lesson by explaining that a wallet has been found on the school grounds. You can use the slides to show pupils the contents of the lost wallet, or you could use a real wallet containing the following: a UK driving licence, a debit card, a credit card, and a gift card.</p> <p>Ask the children who they think it might belong to? What do purses and wallets contain? How might the owner feel when they realise they have lost it?</p> <p>Explain that the contents of the wallet can provide clues about who it belongs to. Using the images of the wallet’s contents on slide 5, ask the children to identify each of the items, and see if they can work out who the wallet might belong to. Can they identify all four of the different ways to pay for things included in the wallet?</p>	<p>Slide 4</p> <p>Slide 5</p>
10 mins	<p><b>Main activity</b></p> <p><b>Payment Cards – similarities and differences</b></p> <p>Show the images of the three different cards from the wallet. Ask the children to point out the similarities and spot any differences. Acknowledge that they are all the same size and shape, and contain numbers, letters and images or symbols.</p> <p><b>Point out:</b> the names of the cards (debit, credit, gift); Mr Spendalot’s (the cardholder’s) name on the debit and credit card; the absence of Mr Spendalot’s name on the gift card; the value of the gift card.</p> <p>Ask the children why we sometimes pay using a card instead of cash. Discuss the dangers of having a lot of cash in our pockets or wallet. If the wallet isn’t returned to Mr Spendalot he will have lost all the cash it contains. How might he feel? What if it was £100? £500? Or £1000? How would the children feel if it was their cash?</p> <p>Explain that payment cards are a way of having money in your wallet that isn’t ‘cash’; they contain ‘electronic’ or ‘digital’ money. Ask the children if they have ever seen one being used. Where can a card be used? How is it used? Show the images on slide 7. Point out the card reader and keypad. Acknowledge that all three cards work in a similar way but there are some very important differences.</p>	<p>Slide 6</p> <p>Slide 7</p>

Timing	Task / activity	Resources
10 mins	<p>Use the images on slide 8 to 10 to explain the functions of each card in turn. Allow the children time to note down the key features of each card before moving on to the next card. You can print copies of the Payment Card Definitions for the children to refer to throughout the rest of the lesson.</p> <p><b>Gift cards</b> contain 'electronic' cash that you can spend at certain stores. They are called gift cards because they are often given to people as presents. They work in the same way as using cash.</p> <p><b>Debit cards</b> are used to spend money from your bank account. When you buy something using a debit card the money is taken out of your bank account and paid into the store's bank account.</p> <p><b>Credit cards</b> are used to borrow money from the bank. You have to pay back the money that you borrow plus a bit more; the 'more' is called 'interest'. The bank pays the money you have borrowed into the store's bank account (like a debit card). The longer you take to pay it back, the more interest you have to pay.</p>	<p>Slide 8</p> <p>Slide 9</p> <p>Slide 10</p>
5 mins	<p><b>Who am I? (Understanding check point)</b></p> <p>Ask the children to turn their Payment Card Definitions over so they cannot be seen. Then challenge the children to a quick game of <i>What am I?</i> to check they understand the key differences between the three cards.</p>	Slides 11-18
10 mins	<p><b>The Decision Tree</b></p> <p>Acknowledge that the owner of the purse has a lot of payment options: cash; gift card; debit card; and credit card. Give pairs or small groups a copy of The Decision Tree and ask them to turn their Payment Card Definitions face up so they can be seen. Ask the children to follow the branches of the Decision Tree as you present the spending scenarios. Use the following discussion points to help the children consider the characters' choices and the potential consequences:</p> <p><b>Spending Scenario 1: Mum's birthday:</b> acknowledge this is fairly straightforward as Mrs Thrifty only has one way of paying.</p> <p><b>Spending Scenario 2: Paddling pool:</b> Mr Spendalot can use either payment method but it would be wise to use the gift card as it can only be used to make purchases in that store; debit cards can be used in most shops.</p> <p><b>Spending Scenario 3: Bus ticket:</b> Mrs Thrifty won't earn any money if she can't get to work. She can't use her car so she must find another way. Perhaps she could get a lift from a friend at work? If not, she will have to borrow the money for the bus ticket. She must be prepared to pay back what she has borrowed plus the interest the bank will charge.</p> <p><b>Spending Scenario 4: Theme Park:</b> Mr Spendalot is already planning the trip to the theme park but doesn't have enough money yet to buy the ticket. He has a £5 gift card so he needs £10 more. Mr Spendalot could:</p> <ul style="list-style-type: none"> <li>◆ Borrow the money by using his credit card. He will have to pay back more than he borrows. The longer he takes to pay back the borrowed money, the more interest he will have to pay. Is going to the theme park 'worth' more than £15? How much more?</li> <li>◆ Decide not to go on the trip. Does Mr Spendalot 'need' or 'want' to go to the theme park? Is it an essential (something we need to survive) or a luxury (something we want but that isn't essential to our survival)?</li> <li>◆ Save up the money. How long would it take if he saved 50p a week? Or £1 a week? Or £2 a week? What if the trip were planned for this weekend? How could he get the money?</li> </ul>	<p>See the notes below for more guidance</p> <p>Slide 19</p> <p>Slide 20</p> <p>Slide 21</p> <p>Slide 22</p>
10 mins	<p><b>Spending Dilemmas</b></p> <p>In pairs or small groups, ask the children to work through the other Spending Dilemmas in their own time using the Decision Tree to help guide their choices. The cards are colour coded to allow for differentiation.</p> <p>Invite some of the children to present their advice for Mr Spendalot and Mrs Thrifty on the spending dilemmas to the rest of the class. Ask the other children if they agree. What other choices could they make? What advice would they give?</p>	Slide 23

Timing	Task / activity	Resources
5 mins	<p>Plenary</p> <p>Challenge the pupils to another round of 'What am I?' to make sure they have understood the key points from the lesson.</p> <p>(These are the same slides from earlier in the lesson, just in a different order.)</p>	Slide 24-31
	<p>Differentiation</p> <p><b>Less challenge:</b> limit the payment methods to cash and debit card. The Key Stage 1 lesson <i>Where Money Comes From: Money and Work</i> explores these forms of payment in more detail.</p> <p><b>More challenge:</b></p> <ul style="list-style-type: none"> <li>◆ Give the children more challenging Spending Dilemmas. They are colour coded to allow for differentiation. Pupils can also create spending dilemmas to present to their classmates.</li> <li>◆ Introduce simple interest calculations into the credit card spending dilemmas to have the children calculate how much interest they will have to pay if they choose to use the credit card in that scenario.</li> </ul>	

