



Introducing credit, saving and bank accounts

Age range: 11-14



Know your money terms

Key terms to start your journey.

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Click the terms below or click on this image to access the full 'Know your money terms' online tool.

Interest

Credit

Credit score

Debt

Know your money terms

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Interest

One of two things: either the money a bank adds to your savings, or the amount you need to pay back on top of money you have borrowed, over time.

Credit

Borrowing money from an organisation to help pay for an item or service. You may be able to pay the money back in instalments over a set period of time, but will likely have to pay back with interest.

Credit score

A record of your money habits that looks at your past behaviour, taking into consideration unpaid bills, debts, and credit you have applied for. A rating/score is given to indicate to a bank or lender the likelihood of you being able to repay a loan or money borrowed. Lenders use this information when deciding whether to lend you money.

Debt

Money that is owed to another person or organisation.

Katie's spending and saving habits

"I'm studying at college but I also have a part-time job at a big cinema. Every month I work twelve shifts of four hours at £7.50 an hour, plus as much popcorn as I can eat for free!

I love shopping – I usually buy a new item of clothing when I go shopping with mates on a Saturday, at about £20. I always try to bag a bargain, I just buy too many of them and sometimes I have to borrow money to buy them all! I'm a real chatter box so I'm always on my phone, and I pay £20 a month for it.

But it's not all about me – I come from a big family so I've usually got a birthday present to buy, and I like treating my sister by taking her to see live bands, so that usually comes to £35 a month. I do try to save between £5-10 a month, but it can be difficult some months."



Opening a bank account: student sheet

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What are the advantages of having a bank account?



Bank Account Comparison tool

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Eddie: student sheet

- Age 17. Parents have supported him in managing his money, but they would like him to start taking more responsibility.
- Doesn't get an allowance but his parents have been putting aside regular savings for him since he was little.
- Just got a part-time job, and would like to save some of this money for when he goes to university next year.

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Caroline: student sheet

- Age 19. Studying at college and has a part-time job.
- Likes to shop and keep up with the latest designer trends, but is also generous and spends money on other people.
- Tends not to think of the future, and believes 'life is for living' so doesn't save much each month.
- Has a car to get to work, and gives lifts to her friends as most of them don't have a car.

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Reading a bank statement

Here are some terms that you will find on a bank statement. The following slide provides definitions.

Statement period		Account Name	Account Number	Sort code	
1 June to 30 June		Mr N E One	68564539	00-00-00	
Date	Payment Type	Details	Paid Out	Paid In	Balance
1 June		BALANCE BROUGHT FORWARD			£148.85
5 June	ATM	ATM Hackney	£20.00		£128.85
8 June	DR	Charge	£1.75		£127.10
11 June	POS	Super supermarket	£87.00		£40.10
12 June	DD	Severn Trent Water	£18.00		£22.10
17 June	CR	Wages		£335.00	£357.10
21 June	SO	Anybank loan payment	£50.00		£307.10
24 June	CHQ	000478		£185.00	£492.10

Reading a bank statement: definitions

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Account number: Your unique reference that identifies each customer.

ATM Automated Teller Machine: a cashpoint.

Balance: a running total of how much you've got in your account and how much you have at the end of the period of this statement appears at the end.

Balance brought forward: how much you had at the start of this period of time.

CHQ Cheque.


CR Credit: money went into your account.

Dates: shows when the money left or entered your account. This might be different to when you paid for something, as there can be a delay between the transaction and the money leaving/entering your account.

DD Direct Debit: a form of regular payment based on an agreement that someone (usually a company) will withdraw money from your bank account.

DR Debit: money left your account.

Paid in/paid out: The value of each transaction.
You may instead see: • 'debits' instead of 'paid out' • 'credits' instead of 'paid in'.

POS Point of sale: money left your account, generally a purchase from a retailer. Contactless payments are likely to be reflected with this code and with the symbol .

SO Standing Order: a payment you can set up either to pay another person or organisation as a one off or on a regular basis. You can set up, amend or cancel the payment as and when you like.

Sort code: a six-digit code that identifies your bank and the branch.

Statement period: the time period covered by the statement.

Savings habits: student sheet

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Snacks (one per school day)

£12 per month



Tech magazine

£3.40 per month



Music streaming service

£7 per month

If you stopped buying this item and saved the money instead, how much would you have at the end of one year?

Summary: student sheet

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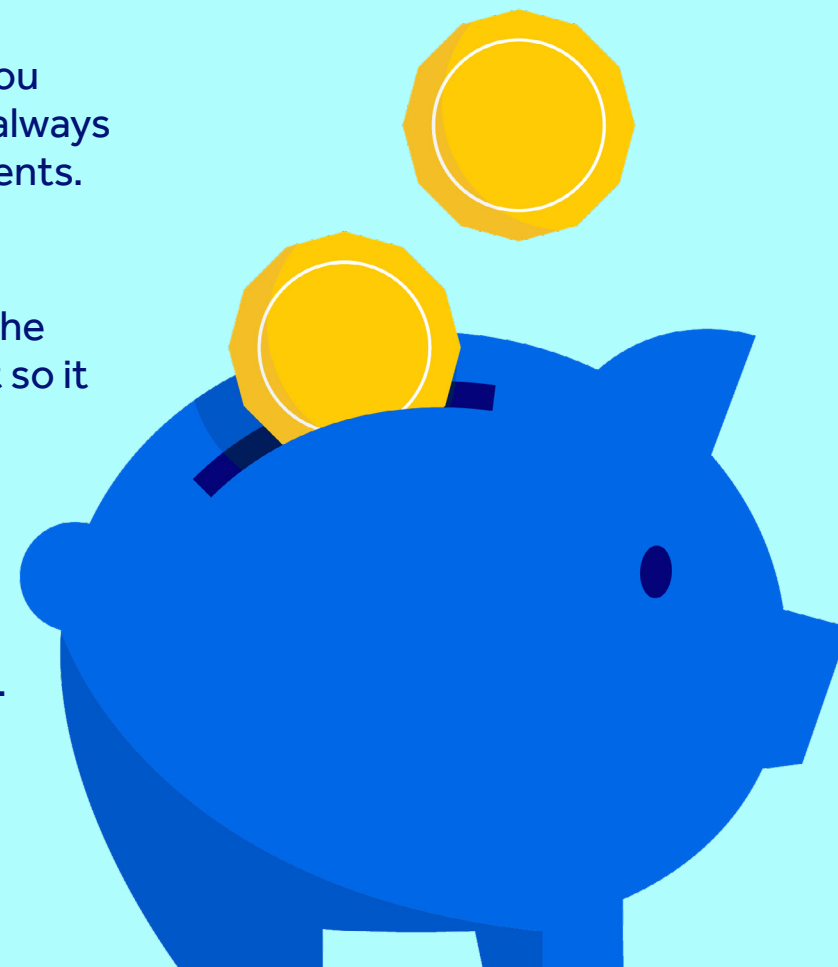
Credit versus saving

Before making a decision on how you pay for your spending, it's important that you consider the advantages and disadvantages. Borrowing or buying on credit isn't always a bad choice, but you need to make sure you can keep up with and afford repayments.

Bank accounts

Your bank account statement contains very important personal information. In the wrong hands this could lead to identity theft or someone accessing your account so it is really important to:

- Make sure your details are correct. If you're moving home, tell your bank.
- Keep bank details somewhere safe. Don't leave them lying around.
- Check your statement regularly to account for all of your transactions and notice any unusual activity. Make sure you understand all acronyms and terms.
- Shred paper statements rather than throwing them out, or opt for online paperless banking.




Banking terms: student sheet

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Term	Description
Account number	Your unique reference that identifies each customer.
ATM	Automated teller machine: a cashpoint.
Balance	A running total of how much you've got in your account.
CR	Credit: money into your account.
Credit card	A plastic card that allows you to obtain goods or services before you have paid for them. Your bank allows you to borrow the amount needed for the goods if you agree to repay the amount within an agreed period, sometimes with interest.
Contactless payments	Paying using your debit or credit card without needing your pin – hold your card up to the contactless reader and the money will be deducted.
DR	Debit: money that has left your account.
Debit card	A plastic card that allows you to withdraw money from a cash machine and to also pay for products in shops or online instead of using cash. Payment is transferred electronically from your account to the account of the person or business you are buying from.
Direct debit	A payment set up by the organisation to which you are making a payment. Normally, you sign a mandate that gives the company permission to take funds from your account in an agreed way.
Interest rate	An amount of money paid to either borrow or save money. If you borrow money you will pay this to the lender, and if you save money you will earn it on your savings. It is normally paid as a percentage of the amount borrowed or saved.

Banking terms (cont'd): student sheet

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Term	Description
Online banking	A way of managing your money wherever you have access to the internet, without needing to visit a branch. You can check you balance, view transactions, download paperless statements, transfer money, pay bills, set up standing orders or Direct Debits and more.
Overdraft	This is when you take more money out of your account than you have in it. You can only do this if your bank gives you permission and there will usually be charges and interest to pay if you do so.
PIN	Personal Identification Number: Every time you want to withdraw cash from a cash machine or buy products in a shop using a debit card you will need to key this in. Usually four numbers of your choice.
POS	Point of sale: generally refers to money leaving your account when you have made a purchase from a retailer. Contactless payments are likely to be reflected with this code and with the symbol  .
Sort code	A six-digit code that identifies your bank and the branch.
Standing order	A payment you can set up either to pay another person or organisation as a one off or on a regular basis. You can set up, amend or cancel the payment as and when you like.
Withdrawal	Taking money out of your account, either via cash at an ATM, or making a transfer into another account.