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FINANCE is important!

Educational Package

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Introduction

Dear Financial Educator,
The "Finance is important!" project team is excited to present the "Finance is Important!" educational package.

These materials combine Polish and Spanish experiences on teaching financial education applying various learning activities and experiences undertaken in the two partner countries for low-skilled individuals, including those with low income.

Everyday people make numerous financial decisions, smaller or greater, that affect their lives in the short or long term. Shopping at the grocery store, adopting a pet, accepting an invitation to a family celebration, after-school activities for a child, payment of energy bills, decision to buy a TV in instalments, a trip to visit family at the other end of the country, a complaint about a broken washing machine, buying one's own apartment, supporting a family member in treatment, all these activities are connected with money. And it is about money and its conscious management that we discuss in the "Finance is important!" educational package.

Financial literacy is an essential key competence that significantly affects the standard of living of every human being. People with low qualifications, including those with low income, are one specific group to which it should be taught. It is stated in the "Recommendation of the OECD Council on Financial Literacy and Education"[1] that one of the key activities should be to educate financial educators who will clearly and simply provide basic knowledge in the field of managing one's own finances. The above information clearly indicates the need to disseminate financial education among groups particularly exposed to social exclusion, which is to be done by educators that remain in constant contact with them, understand their situation and are able to transfer knowledge in the field of finance in an understandable and practical way while being respectful of their circumstances.
The ability to manage personal finances is one of the basic life skills needed by everyone. Financial education, i.e. learning about managing personal finances, planning expenses and savings, allows one to make conscious financial decisions and increase one's financial well-being in the long term.

1 https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0461

Albert Einstein once said that “Insanity is doing the same thing over and over again and expect different results.” Therefore, we are glad you are here to improve your skills on teaching personal finance management and to take greater control of your personal finances as well. Bravo! You have just taken a very important first step towards training others on managing the household budget smartly and supporting them in their journey out of exclusion! We are keeping our fingers crossed!

2. About the “Finance is important” project

The “Finance is important!” project is implemented by the Foundation Innovation and Knowledge (FIIW), a Warsaw-based Polish organisation established in 2012 to deliver social change, tackle professional inactivity and inequality, and increase financial resilience of different client groups. The foundation works nationally, internationally and globally through projects and programmes aimed at supporting entrepreneurial development, social and professional activation, innovation in education, life-long learning and promotion of financial education.

The project is implemented in a partnership with Social Enterprises S.L., a Spanish organisation based in Cordoba.

The main objective of the project is to reduce social exclusion among people with low qualifications and low income by training employees of social institutions/organisations to become financial educators. This task is to be achieved by increasing knowledge and practical skills in the field of financial education among employees of social institutions/organisations, increasing knowledge and key competences among people at risk of social and economic exclusion through financial education training.

The outcome of the project is:
– preparation – based on activities and experiences undertaken in two partner countries for the financial education of people with low qualifications, including those with low income – of the “Finance is important!” educational package in the field of financial education to enable self-education and training of employees of aid institutions/organisations.
– preparation of a report summarizing and disseminating the results of the project along with an indication of how the training has impacted the quality and effectiveness of the work of the pilot participants.

3. About the educational package

The “Finance is important!” educational package is a publication designed to enable self--education and training of employees and volunteers of aid institutions/organisations, thus equipping them with new knowledge and practical skills in this field. Thanks to the “Finance is important!” educational package employees and volunteers will have the opportunity to broaden their professional qualifications and increase the scope of assistance provided to people at risk of exclusion.

The educational package offers two forms of education: materials for self-education and a programme and materials for those wishing to conduct workshops in a group. The educational package is divided into individual training modules. Each of the modules contains a brief description of the issue, definitions, results that the participant will achieve, exercises and educational tools (both for the trainers and participants of the training), and a programme of workshops in the form of a syllabus to conduct training in the training room.

The educational package contains an introduction for financial educators and the following modules:
Module 1: Household budget
Module 2: Smart borrowing
Module 3: Saving in practice
Module 4: Safe finances on the Internet
Module 5: Consumer rights

4. Who is the "Finance is important!" educational package for?

The educational package is created for employees and volunteers of aid institutions/organisations working on a daily basis with people in difficult life circumstances, and thus at risk of social and financial exclusion. Equipping them with knowledge on financial education and practical money management will support the experience they have gained so far and the institutions in which they work. The support and knowledge obtained as a result of working with the educational package will enable representatives of these institutions to work with clients on an important problem area, which is family and personal finances. Analyses carried out in Poland and Spain before the project start and during the project implementation by the partnership show that the employees of these institutions/organisations are rarely prepared to conduct educational training or consultations in the field of personal finance management as they lack the knowledge, skills and tools to carry out activities in this area.

At the same time, people representing the above environments have ongoing direct contact with those in need of such support, which eliminates the risk of lack of clients and lack of trust which, in turn, is crucial in delivering financial education training or individual consultations. In addition, by constantly working with clients, the employee becomes the person that knows best how and to what extent they should undergo financial education to prevent further exclusion, and is able to mobilise them to get out of this situation. New methods for carrying out tasks with clients will be a valuable complement to knowledge and experience. Additionally, delivering training to those in need contributes to counteracting burnout of this professional group.

The educational package is also prepared for persons with low qualifications, including those with low incomes. The cooperation of a social worker or an aid institution/organisation worker with a person with low qualifications in the field of personal finance management fulfils the needs of those that due to their life circumstances are particularly vulnerable to economic exclusion.

5. How to lead successful training on financial education – information for the trainer/financial educator

At the beginning we would like to congratulate you on taking up the challenge of being a financial educator!

Conducting financial education workshops and individual and group consultations can be a great pleasure, while at the same time causing stress to the trainer. The trainer/financial educator meets participants at very different moments in their lives, often financially difficult, and must very skilfully, with great intuition and respect for the group or individual, lead the workshop to achieve the training goal that reflects change in the participant's life! Please start by familiarizing yourself with the "Finance is important!" educational package. Go through it slowly as a participant module by module, do all the exercises, read the additional materials.

It is good preparation, calmness, respect for participants and awareness of one's own knowledge and areas that can still be improved upon that give the trainer legitimacy to conduct workshops and consultations.

5.1 Adult learning process

In the process of teaching adults, it is important to use their life experience. Participants are more motivated to learn when they believe that the acquired knowledge will solve a problem important to them, will translate into measurable benefits or is related to their own situation or interests. Motivation increases even more when educational activities take place through exchange and conversation, in which participants use each other's experience and knowledge to solve problems and implement plans. The educator acts more as a workshop facilitator than a teacher and should give participants just enough space to feel comfortable and safe during the meeting.

The adult learning process is more effective when the educator applies the principle of focusing on the learner, which consists in linking the content of the curriculum to the knowledge already held by adult workshop participants and its relation to their personal circumstances.

Adults have the opportunity to reflect on new content, as well as relate it to their own life situation.

5.2 Adults learn best when

Adults learn best when:

- in the learning process, they have the opportunity to refer to their own experience in solving emerging problems and achieving goals
- they understand the importance and value of what they are learning
- they have an impact on the structure of the training or workshop in which they participate
- they act voluntarily
- they and their experiences are recognised as valuable and useful during the training
- they can "express themselves" without fear of being judged
- they can make mistakes without being judged
- they can talk about their past mistakes without being judged
- they are actively involved in the learning process
- they interpret the training objectives as their own.

5.3 Financial educator and workshops

1. Competence

   Persons with appropriate qualifications and skills in working with low-skilled clients or conducting social inclusion activities such as consultations and workshops, confirmed by appropriate documentation and experience.

2. Preparation

   Proper preparation of the educator before the training takes place is crucial. When the educator knows the material well and feels more confident, the participants sense it and join in more willingly. Naturally, no one knows everything, and if the educator faces a question to which he or she does not know the answer, they should openly admit it, agree to check the answer and revisit the issue at a later time.

3. Tools

   The prepared workshop scenario, plan, exercises and presentation simply make it easier for the educator to conduct the workshop.

4. Self-development
   The trainer should devote enough time to prepare for the workshop, get to know the theoretical scope and include it in the presentation. Additionally, they should do extra reading using different sources, i.e. literature, journal articles and the Internet, in search of case studies and exercises. Along with gaining experience, the educator can use examples presented by participants at other workshops, while preserving their anonymity, naturally. It is a good practice to take part in a workshop as a co-trainer with a more experienced one.

5. Design of the workshop – what is important during the workshop
   a) Start of the workshop
      - Introduction
      - Ice breaker
      - Establishing good contact with the group
      - Creating a sense of security, conducive to openness to what will be happening during the workshop
      - Integration
      - Interest in the subject of the training

   b) Structure
      - Welcome
      - Getting to know each other
      - The group's expectations of the training
      - Defining the goals of the workshop by the trainer
      - Presentation of the programme
      - Participant questions
      - Contract, i.e. establishing with participants or obtaining participants' approval for the proposed rules, programme and goals of the workshop

   c) Core training
      - Providing the core content of the workshop
      - Recommended training methods:
        – Lecture
        – Presentation
        – Discussion
        – Work in groups
        – Work in pairs
        – Demonstrations/shows

– Case study
– Role-playing games
– Group exercises
– Games
– Mobile applications
– Site visits

d) Closing the workshop
- Summary
- Consolidation of the most important content
- Obtaining and providing feedback on the goals achieved
- An invitation to apply the acquired knowledge and skills in practice
- Positive ending: motivation, thank you and goodbye

5.4 Set of good practices in conducting financial education workshops

- Workshops on financial education should be run as cyclical meetings, there is a greater chance then that the knowledge provided will cause a lasting change in the lives of the participants.
- In financial education, theory is only part of what is needed to achieve success, much more depends on the participants' involvement, practice and planning, changing old and consolidating new behaviours, as well as maintaining a high level of motivation.
- During subsequent meetings/workshops, the trainer works on motivating the participants, presents positive examples of people who overcame financial problems, talks openly about the difficulties that may arise, engages participants to work on specific cases, establishes an action plan with the participants and asks if they have managed to implement changes in their lives.
- One-off workshops, on the other hand, are a great opportunity to share knowledge and show practical cases of its application. The role of the trainer in this case is also to arouse curiosity and interest, positively inspire participants to implement and/or further search for information on a given topic.
- The starting time of the workshop should be adapted to the rhythm of the participants' day.
- A good rule of thumb is not to overload the training programme, it is better to spend more time analysing real-life cases than presenting theory.

- Beginner trainers are often afraid of whether they will be able to fill the time allocated for the workshop – the answer is to practice among friends, and include additional materials, e.g. videos, exercises, that can be used.

Number of workshop participants
- It is recommended to have 8 to 12 participants per workshop.

Workshop venue and workshop location
- Easy to find
- A place where the participants will feel safe and comfortable

Room
- Marked with a poster with the title of the workshop and the relevant logos
- Clean
- Bright
- Well ventilated
- Ready before the participants arrive
- Chairs arranged evenly, behind tables or without a table, if possible, in a U-shape.

Removing the tables removes the visual barrier between the trainer and the participants and opens them up more, it also makes it difficult to use distractions, e.g. telephones.

In spring and summer, provide water and small snacks. In the autumn and wintertime, it is recommended to provide hot drinks, i.e. coffee and tea, water and small snacks.

If you have any questions relating to the educational package or experience technical issues, please contact us at the following e-mail address: fiiw@fiiw.pl

6. Module 1: Household budget

Budgeting is the keystone to proper money management. Budgeting is more than just tracking income and expenses. It is the key to setting and achieving financial goals and actually getting to know what is going on in one's finances. This module introduces the concept of budgeting and what it means to people. A budget is a plan for allocation of a person's spendable income for necessary and desired goods and services. When there are sufficient funds in the budget, people may decide to give money to others, save, or invest to achieve future goals. People can often improve their financial well-being by making well-informed spending decisions, which includes crucial evaluation of prices, quality, product information and methods of payment. Individual spending decisions may often be influenced by financial constrains, personal preferences, unique needs, peers and advertising.

In this module you will learn:

1. What is a household budget and where to start?
2. Categories of income and expenditure
3. Ways to run a household budget – tools and applications
4. Seasonality of the household budget and financial planning
5. Emergency expenses

Learning results for participants:

- Participants understand that budgeting forms a basis for effective personal finance management and how their beliefs influence their financial decisions.
- Participants are able to analyse their own expenses, in particular their food expenses.
- Participants are able to choose the appropriate way of running a household budget for themselves.
- Participants understand the need for saving an emergency fund.
- Participants understand the concept of seasonality of the household budget.

6.1 What is a household budget and where to start?

Something to consider: You'll always spend money, so it's time to learn how to do it right.

Each and every one of us, regardless of age, place of residence, origin, gender or level of education, must know how to effectively manage our money. It is part of being an independent and financially secure adult – whether you are 20 years old and just moved out of your parents' home, 30 years old and starting a family, 40 years old and thinking about changing your profession, or 55 years old and can't wait to retire.

Lack of knowledge and practically no learning about personal finance at school means that in adulthood we simply don't know how to deal with finances, we live from the first day of the month to the first of the next month, and we often leave financial matters to their fate, hoping that somehow it will be taken care of.

In the personal finance management, we most often rely on our habits, habits and behaviours learned in the family home, we act routinely and repetitively. Unfortunately, this can be unfavourable for us if no good example was set for us in the past.

Something to consider: It's not about having everything that others have. It's about having what has real value to you.

A household budget is a spending plan that helps you determine where your money should go each month.

Running a household budget means planning personal finances based on knowing your needs and financial capabilities. The home budget allows you to correct improper financial habits, effectively plan expenses for the next month, quarter or year.

What does having a household budget give you?

- getting to know your real financial situation
- finding out on what, where and how we spend
- has a positive effect on changing your financial habits
- gives you a real sense of control over your finances
- guarantees predictability in finance
- teaches self-control

Something to consider: To make a budget is to show money where to go, instead of wondering where it went. (John C. Maxwell)

Regardless of what your income is and whether you have savings, meticulously recording all the money you receive and spend will help you get an idea of your own financial situation, notice and patch up budget holes and achieve your financial goals faster.

By monitoring your income and expenses, you will see what you are really spending your money on. At any time, it is worth having a think about what your financial goals and dreams are, what makes you happy and improves your well-being. Thanks to this, you can check whether what you spend on contributes to the achievement of these goals and improvement of well-being, or maybe, unfortunately, is the result of poor habits.

We often meet with the opinion that running a household budget is only for people who earn a high enough income, that with a limited income it does not make sense. Well, nothing could be more wrong, each budget can be managed more effectively and thanks to running a household budget you can have more money even if you don't earn more.

Something to consider: You've got to tell your money what to do or it will leave. (Dave Ramsey)

How do you start?

It is best to organise your time so that in peace and quiet you can focus on your finances. As you are planning to run the budget of your household, invite your wife, husband or partner. If at the beginning they are not interested in it, it is ok, assume that over time they will notice the positive effects themselves and will make the decision to join you. If you don't know how to approach the topic of your finances, talk to a financial educator.

Approach the budget calmly, just observe and record your expenses for a month, thanks to this you will learn the structure of your finances and be able to start planning properly for the following months.

At the beginning, to run a budget, you need information about the amount and types of income in a given month, your bank statements and receipts/invoices documenting your expenses.

IMPORTANT

Each household budget is individual and should be adapted accordingly. There are many ready-made household budget templates available on the Internet worth using, while you have to set the individual categories of income and expenditure yourself as they are supposed to show your specific expenses and plans.

How has running a household budget changed my personal finances?

I started to run a household budget six months ago and I can already see first results. At the beginning I had to get used to collecting receipts and recording the amounts spent using a mobile app. I am not going to lie, it did require a lot of commitment and self-discipline. Now I have found my own way, I enter my income once a month because it is a fixed amount and I enter expenses once or twice a week. I divided my expenses into the following categories: groceries, fixed fees, health, home maintenance, education, transport, clothing, pleasure, unplanned expenses. Running a household budget opened my eyes, I realised that the instability of my finances is influenced by a large number of unplanned expenses and impulsive purchases which I don't need but I get them because they temporarily improve my mood. I don't feel financially limited running a household budget, on the contrary, I feel that I know how much I can spend, also on pleasure. Thanks to this, I am a bit more relaxed about my finances.

Sebastian, 37 years old, Kraków, Poland

Benefits that people see once they start running a regular household budget:

- seeing exactly how much money they have at their disposal
- knowing how much they will spend every month
- understanding the structure of their expenses
- identifying unnecessary expenses, seemingly small, which, when added together, add up to significant amounts and imperceptibly reduce their budget
- being able to find savings
- being able to plan their bigger purchases well (e.g. washing machine, holiday trip, car purchase)
- being able to plan higher revenues (e.g. tax refund, bonus)
- being able to tighten their budget and get rid of unnecessary expenses

6.2 Categories of income and expenses

Income is all the money you receive from different sources.

Income can include remuneration for work, social benefits, gifts from friends or family. Income is all the money you have at your disposal in a given month.

Income is divided into permanent and additional.

Such a division makes you aware of what fixed amount you have at your disposal and during the month, and any amounts that come irregularly.

Examples of income: remuneration for permanent or occasional work, social benefits, inheritance, pension, interest on savings, income from investments (e.g. gold, silver, coins, renting an apartment or other real estate), gifts from family or friends, earning money on the Internet (e.g. running a blog, a YouTube channel, an Instagram page), seasonal work, garage sale, sale of handicrafts online.

Categories of expenses

Expenses: this is the amount of money spent during the month.

Expenses are divided into:
- Fixed expenses: monthly costs that are not subject to major fluctuations
- Variable expenses: monthly costs over which you have control
- Discretionary expenses: monthly costs that you incur at your discretion

Expenses can also be divided as per their type:
1. Daily necessities: (e.g. food)
2. Charges (e.g. gas, telephone, water, electricity, garbage collection, monthly public transport ticket)
3. Debt service (e.g. repayment of consumer credit, home loan, loans from friends and family
4. Seasonal (e.g. fuel for the house for the winter, books for school, clothes for specific seasons)
5. Life-cycle expenses and other planned family events (e.g. child's wedding, communion, baptism, school expenses)
6. Sudden (e.g. flooded apartment, broken fridge, illness, theft)

7. Financial penalties (e.g. fines, bank charges)
8. Pleasure (e.g. café visits, theatre tickets, weekend trips)

There will always be more categories in expenses than income, we can spend indefinitely, and it is more difficult to find sources of income. Therefore, it is really worth looking at your expenses in detail.

Something to consider: Rational management of personal finances is possible by increasing and diversifying sources of income while reducing unnecessary expenses.

6.3 Ways to run a household budget – tools and applications

To run a household budget, you can use a traditional notebook and a pen, an Excel file or a mobile application. Don't worry if collecting receipts and keeping records at the beginning will require a lot of self-discipline from you – you will soon see benefits to reward this effort, and budgeting, like many activities, will become a natural habit. Choose the way that suits you best.

The most effective way to run a household budget is the one that is consciously chosen by you. We are all different, for one person the budget traditionally implemented in a notebook will be the best, someone else sees their budget only in Excel.

It does not matter what method you choose, it is important that it is effective and simple for you.

For those that like using applications on their mobile phones, we recommend applications for running a household budget, it is certainly a convenient method as we always have our phones at hand and can use the time, for example, on the bus to quickly record expenses from a given day. The applications offer various functionalities, e.g. division of the budget into income and expenses, graphical presentation of income and expenditure categories in the form of charts or graphs, the option to plan expenses for the next month. Additionally, you can simply take a photo of your receipts and they will be automatically transferred into the app.

Examples of mobile applications for running a household budget are:
– Quick Budget – Expense Manager
– Wallet
– My Money Tracker
– 1Money – track expenses, manage finances
– Budget App

6.4 Seasonality of the household budget and financial planning

Why is it that your expenses change throughout the year?
It turns out that despite a stable income, a household ends up spending all the money in one month and may even be a bit short, however it is not the case the following month?

The reason for this situation is the seasonality of expenses, which throughout the year are dictated by the change of seasons, celebrations and holidays, and the school and holiday calendar.

The topic of seasonality of expenses can be grasped if we prepare properly:
- Plan and budget seasonal expenses
- Prepare well in advance (determine how early you need to start saving money to incur a given expense without getting into debt)
- Spreading expected expenses over several weeks, months or even years
- Not spending money set aside for a specific purpose on other things – consistently sticking to financial goals
- Positive mental attitude
- Looking for additional sources of income
- Putting money aside for family events in a separate account
- Purchasing appropriate insurance

Something to consider: Budgeting is not about limiting what you can spend. The budget allows you to spend money without guilt or regret within your own limits.

We will now move onto the key point of running a household budget, i.e. financial planning. The purpose of running a household budget is not only to record your income and expenses, but to set a plan for the next month (or any period) and stick to this plan.

The decision to run a household budget is usually dictated by the desire to change the current situation and achieve the assumed financial goal, e.g. fulfilling a dream, getting out of debt, being able to meet an upcoming large expense.

Be prepared for the following steps:

Planning – imagine actually implementing the goal, set a realistic one, estimate its cost and implementation time well.

Determination in action – don't deviate from the planned path, don't sabotage your actions, believe in your strength and never lose motivation to act.

Regularity – systematic actions are key to success, set yourself a time during the week when you focus exclusively on dealing with your finances, analysing your budget and planning the next steps.

Flexibility – give yourself a permission for mistakes and failures, there are various situations in life that require us to act flexibly. Draw conclusions from your mistakes, don't stop, don't abandon your goal, and continue your actions.

When we don't run a household budget, we usually don't plan most of the expenses. Of course, we try to remember about monthly bills, for some we have set up direct debits as part of our bank account. However, when it comes to everyday expenses such as groceries, cleaning supplies, transport, we simply spend the money we have in our account or in cash, we use a debit or credit card. If we run out of money, we stop or reduce expenses and wait for further income, in the meantime often getting into debt. Running a household budget will allow us to plan our expenses and we will know exactly how much we can spend.

Our first approach to running a household budget is to write down all income and expenses for a given month. If we do it conscientiously, in the first month we will probably have a picture of our finances, but if, for example, we hit a month where there were holidays or other large unplanned expenses happened, the result may scare us, a negative balance may temporarily discourage us. The main thing is not to lose motivation and watch our finances for at least three months. One quarter of running a household budget gives us a picture of our finances and allows us to introduce the first changes and consciously plan upcoming expenses.

Tip: It's the budget that needs to be tailored to our lives, not for us to adjust to someone else's budget.

On the basis of a monthly (or a fuller quarterly observation), a challenge arises before us – planning expenses for the next month. We have a new blank page and another month ahead of us. Let's try to review our budget and look for savings.

To consider when planning expenses for the future:

1. **What big expenses await us in the coming month?** When we sit down to plan the next month, it is worth looking at the calendar. What month or quarter is ahead of us? Are we waiting for Christmas and it is no use thinking about saving? Or do we have a family celebration, a baptism or a wedding? It is worth planning the amount we spend on this event right away and... stick to the budget.

2. **Fees**. Can we find savings? Let's look at our fixed fees. Can we reduce the subscription for our TV or the Internet? Let's look for different ways to pay less. Even if we save only PLN 20, it is worth converting this saving on a yearly basis. When we sign a subscription contract for 2 years, the reduction of the subscription by PLN 30 gives us savings in the form of PLN 360 per year, and within two years it is already PLN 720. Is it worth reaching for such money?

3. **Budget flexibility.** This is nothing more than the movable funds that remain to us after the fees. So if we spend more than half of our income on bills, we should do something about it. There are two ways. Method number 1: reduce expenses. We look for savings in subscriptions (sometimes we even give them up) and negotiate loans. Method number 2: we look for additional income. Preferably permanent. If we can't reduce fees, we try to increase revenues to be able to have more resources.

4. **Consistency.** Keeping a budget is not a one-day adventure. We need to change the entire operating system in our household. Build new habits and abandon old ones. Consistency and persistence will help us a lot. If we happen to buy this and that as unplanned things, we can always go back to the plan.

6.5 Emergency expenses

Something to consider: Your body will be with you much longer than new clothes, invest in your health. Prevention is the key!

The only constant thing in life is change.

Sudden expenses appear in our lives and if we are not prepared, i.e. we don't have savings, it is often the first step to debt.

You never know what can happen. You or your partner may lose your job, have an accident, need to undergo sudden treatment or encounter numerous other situations in which you suddenly need to find a smaller or larger amount of money. Life goes on, and it can sometimes be a bumpy ride, whether we like it or not.

What we mean by emergency expenses:
First of all, it is important to understand what unexpected expenses are and what they are not. There are bills that you do not have to pay every month, but they still are not considered unexpected. Examples include:
– Annual tax return
– Quarterly car insurance
– Annual dentist check-up

Such expenses are predictable. You know exactly when they will come, and you know at least approximately how much they will cost. This makes it easier to plan them in advance in your usual household budget. Simply divide your annual tax by twelve, your insurance premium by four, and your doctor's bill by twelve – and then set aside that amount each month to cover your costs.

Also, regular expenses for car and home maintenance are not unexpected. These are costs that you know will surely come sooner or later. You may not know exactly how much you will have to spend on a car or house in a given year, but you can determine it quite accurately.

A really unexpected expense is something that can't be predicted, for example, a natural disaster or medical emergency, a car or household appliance breakdown. These are things that can happen to you at any time, but you can never be sure if they will happen – or how much they will cost you. This means you can't just fit those expenses into your regular budget; preparing for them requires a different kind of planning.

Examples of unexpected expenses
How you deal with an unexpected expense depends on what kind of expense it is. For some, you can buy insurance to protect yourself from costs. If insurance doesn't cover everything, you can try to cut costs by shopping — or using your DIY skills instead of hiring

a professional. Then, once you have exhausted these options, you can rely on an emergency fund to cover the rest of your bill.

Expenses related to accidents and emergency medical treatment

Some health care costs – check-ups, medication, minor illnesses, etc. – are normal expenses. However, if you have a traffic accident and need long therapy, it is a completely different story. In such a situation, you must simultaneously deal with the pain of the disease, the stress associated with the knowledge that your life is in danger, as well as financial sweats. The last thing you need is to top it up with a huge bill you can't afford to pay.

Even if you can't completely avoid health problems, early detection of them makes treatment much easier. Seeing your doctor once a year for a check-up is a good way to spot minor health problems before they become serious. Yes, spending an hour or more at the doctor's office is troublesome, but it is far less troublesome than an ambulance because of a problem that was not noticed early enough.

Ways to deal with this expense:
Of course, even if you are the healthiest person in the world, this does not prevent accidents. On the other hand, prevention, a healthy diet and an active lifestyle have a huge impact on our health. And an inseparable element here is having health insurance.

Big breakdowns in the house

Major household failures are likely to cost a certain amount each year.

Tip: The 1% rule – setting aside 1% of the purchase price of an apartment each year for repairs – is a good way to estimate how much it might cost, but it has its limitations. Some years, your apartment does not require major repairs at all, whereas other years, it seems that everything requires fixing at once.

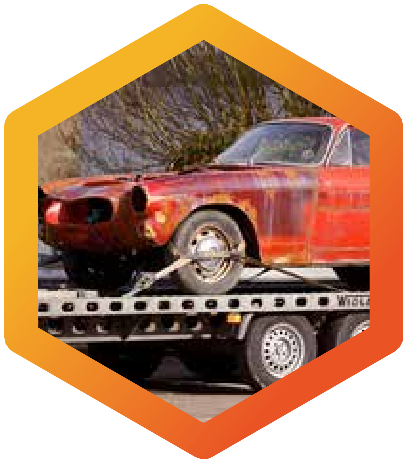
Ways to deal with this expense:
Problems at home can turn into much bigger problems if you do not solve them quickly. This means that the best way to save money on maintaining your apartment is to stay informed and fix any problem as soon as it arises. It is much better to fix a small leak right away than to spend thousands replacing walls damaged by mould in their entirety.

Also, don't limit maintenance work to the house itself. Caring for the yard often helps to avoid damage to the house. For example, you need to trim the tree branches that can fall and hit the house during strong wind. Also remove plants that are too close to the house as their roots can damage the foundation or plumbing, and direct water from the drainpipes so that it does not flow towards the house.

You can often save on home maintenance work by doing it yourself. However, don't undertake repairs that are more difficult, and you have never done them. Weigh cost, time, and safety before deciding whether to do a DIY repair or hire a contractor. If you start doing small repairs, over time you will develop your DIY skills until you can handle the bigger ones.

One of the problems that good maintenance can't prevent is damage caused by a storm or other natural disaster.

Car breakdowns



If you own a car, you expect to spend a certain amount of money each year to maintain it. You may not know exactly what repairs your car will need in a given year, but you can estimate when new tires are likely to be needed, or after how many thousands of kilometres the timing belt will have to be replaced, and thus determine your budget.

What you can't predict or plan for is an accident that causes a lot of damage to your car at once. If you don't have insurance to cover this, it will be a pretty big bill to pay.

Regardless of whether they result from an accident or from everyday wear, unexpected car repairs can be really expensive.

Ways to deal with this expense:
You can also avoid many serious problems with your car by rigorously following your car road worthiness inspection schedule. Postponing the inspection may seem like a good way to save money, but it simply exposes you to bigger and more costly problems. A better way to save on routine expenses is to do simple repairs yourself.

Of course, none of this will prevent the damage caused by a car accident. The best way to do this is to be a safe driver. Stick to the speed limit, keep your eyes on the road while driving, avoid distractions such as cell phones and, of course, never ever get behind the wheel after drinking.

Sometimes even the most cautious drivers have accidents. Here, the best option is to use car insurance. Keep an eye on your car insurance premium payment dates.

Unplanned trips

Usually, when planning a vacation, you can choose a date and destination according to your budget. However, sometimes you need to plan a trip unexpectedly. Whether it is a joyful event, such as a cousin's wedding, or a sad one, such as an aunt's funeral, an unexpected trip can put a strain on your budget.

Ways to deal with this expense:
There really is no way to avoid this kind of last minute trip unless you are prepared to cut yourself off from friends and family. However, there are ways to manage costs. For example: try to choose the most economical version of the trip, you can get an idea of how much a train or bus ticket costs, consider carpooling options, i.e. using the ride with people driving their car to the place where you travel.

Unplanned gift expenses

As if the travel costs were not enough, a wedding in the family equals a gift. Gifts for many other occasions are also expected, e.g. birthdays of children from our child's class, housewarming at friends', contribution for a gift for a co-worker.

Gifts, especially wedding gifts, can be quite expensive. On other occasions, the amounts spent on gifts differ a little more.

Ways to deal with this expense:
If you actually plan to attend a wedding or other event, then yes, it behoves you to give a gift. However, remember, it does not have to be something expensive. The person you are gifting would certainly not like your budget to be undermined. The gifts you give should always reflect your budget, it is extremely important not to overspend on gifts.

Pet Emergencies

If you have pets, you probably know what it is like to suddenly need to take them to the vet. When your dog has been hit by a car or when your cat has started having seizures, you just want to help your pet as soon as possible, and the price does not even come to mind. But when the crisis is over, you often face a whole new problem: a high bill from the vet.

Just like you, your pet can benefit from an annual check-up. This will give your vet a chance to detect possible health problems and treat them before they become sudden. Preparing a budget for an annual visit to the vet is much cheaper than dealing with a health crisis in the future.

Ways to deal with this expense:
Unfortunately, no matter how thoroughly you care for your pets, you can't protect them from every possible problem. Despite your best efforts, your pet may one day develop a serious illness such as cancer or epilepsy. Here, money from the emergency fund can also come to the rescue.

Of course, these are only examples of unplanned expenses. Having money to deal with sudden expenses will help you feel safer and a little better prepared. Your peace of mind can increase having an emergency fund.

Add a fund with this name to the category of expenses in your budget and set aside a certain amount for it every month.

The rule of how you introduce it in financial education is as follows:

CONTINGENCY FUND

To determine the monthly size of the emergency fund – only approximately of course – we analyse our unplanned expenses from the last five years. If we have been running a household budget it is simpler, if not, we have to remember them. Then we sum up the expenses and divide the amount obtained by 60, i.e. the number of months in five years. (12x5 = 60)

Example:
The sum of unplanned expenses in the last 5 years – 12,000
12 000/ 60 = 200
We should save 200 per month for the emergency fund.

It is worth keeping this amount in an easily accessible place, so that it can be relatively easily withdrawn, and if you spend some of it, remember to supplement it.

The emergency fund will act as a safety buffer for us in difficult circumstances, while after collecting it, we can take the so-called financial cushion. which should be much more. We will talk about the financial cushion in the Practical Savings Chapter.

Tip: In Polish we often use the term "black hour". Since we really want this course to have a positive connotation, we encourage you not to use this term, why should we tempt a "rainy day" to come. In English, there is a term "rainy day fund". It certainly sounds better than a "black hour fund".

Where to start running a household budget?

- positive attitude, you are just taking steps that in the long run contribute to the improvement of your financial situation
- act with what you have, don't look for an excuse, don't delay taking care of your finances
- read your bank statement, carefully review your bank statements
- choose the most convenient way of running your home budget, you can choose from, for example, a notebook, an application on your desktop computer, an application on your phone or a file in Excel
- make your own template or use a ready-made template
- if you use a ready-made template, adapt the structure to your household
- record all income and all expenses you know your household incurs
- be meticulous
- for the first month, try not to change anything, just write down expenses so that you get an idea of how the flow of funds is distributed
- at the end of the month, analyse the expenses answering the following questions:
  - where is the money spent most often: in which stores?
  - what do you spend the most money on?
  - in which categories?
  - do you see any unnecessary expenses?
  - are there any savings left?
- plan your expenses for the next month and stick to the plan
- correct/ adjust your monthly budget if you find that you have overestimated or underestimated your expenses
- plan for large expenses that only appear every few months, e.g. seasonal expenses, payment for insurance
- don't be discouraged if you don't achieve the goal, it is not a failure, just learning for the future. The budget will allow you to get to know and correct your shopping habits

As financial expert Dave Ramsey says, “You will either learn to manage money, or the lack of it will manage you.” The best way to build financial security is to figure out how and where you are spending your income, then make a plan – and stick to it! Of course, life can sometimes push you off the track, but that is not a problem. Until you get back on budget, hiccups here or there will not destroy your future financial success.

Self-educational materials
“Rich or poor – just different mentally” – T. Harv Eker, which we recommend as additional material to read as part of our course.

7. Module 2: Smart borrowing

Credit allows people to purchase and enjoy goods and services today, while agreeing to pay for them in the future. There are many choices for borrowing money, and lenders charge higher interest and fees for riskier loans and riskier borrowers. Lenders evaluate creditworthiness of a borrower based on the type of the credit, past credit, and expected ability to repay the loan in the future. Credit reports compile information on a person's credit history, and lenders use credit scores to assess a potential borrower's creditworthiness. A low credit score can result in a lender denying credit to someone they perceive as having a low level of creditworthiness.

In this module you will learn:

1. Key concepts of smart borrowing
2. Reflection on your consumption habits
3. Evaluate your debt/over-indebtedness ratios
4. Learn how to relate emotional or thoughtless buying to over-indebtedness
5. Introduction to different types of credit and their pros and cons
6. Strategies to get out of debt

Learning results for participants

- Participants understand the consequences of defaulting on payments.
- Participants can identify formal and informal ways of borrowing money.
- Participants know where to check the current amount of their debt.
- Participants know the concept of a debt spiral.

Healthy financial borrowing is defined as being able to pay back all the debts one has incurred. In other words, it is about not putting one's financial health at risk. Being able to pay back debt is one of the key factors in maintaining financial health.

To do this, the monthly amount of your debt repayments should not exceed 30-35% of your monthly income (this percentage varies from person to person). Exceeding this can be a problem for your solvency.

Smart borrowing is defined as borrowing to buy investment goods, rather than consumer goods. Consumer goods are necessary but some of them are also superfluous. It is this type of expenditure that fundamentally contributes to increasing the level of non-smart borrowing. As we will see below, there are different causes for this. They can be dangerous because they lead to expenses that are higher than the personal or family economic level of income. As forms of smart borrowing, we consider debts that are contracted for business purchases, for the improvement of a business, for investment in education, for investment in real estate, etc.

They are called “good debts” because they work in our favour to increase the professional prosperity of the person or the family. Although they are an expense, in the long term they improve our economy and that is why we use the term “investments goods” – the good or service acquired through the debt also generates income.

A smart borrower checks the following variables when taking out a loan:

- Reads the debt contract carefully
- Analyses all its terms and conditions
- Calculates the total cost of the loan or credit
- Considers aspects such as commissions, interest, requirements, repayment terms, early repayment fees, etc.
- Analyses the need for the good or service to be purchased
- Evaluates whether it is a consumer good or an investment good

7.1 Key elements of non-smart borrowing

Consumerist society and over-indebtedness

The state of over-indebtedness is very common in today’s consumer society. There are different types of over-indebtedness:

- **Passive**: it originates from unexpected situations, such as job loss, which prevents meeting financial commitments.
- **Active**: it originates from actively taking on debts on a voluntary basis beyond one’s ability to pay, .i.e. not forced by an unforeseen situation.

One of the causes of over-indebtedness is the consumerist society in which we live. The consumerist society is good, but the consumerist society sometimes turns people into slaves of the financial system.

It does not promote healthy and balanced practices or the care of the planet.

The identification of a person's value with what they have or what they can consume is causing real family dramas. Parents are forced into non-smart borrowing to meet personal or their family's unreal expectations.

Emotional and compulsive buying as a cause of over-indebtedness

Impulse buying occurs when a consumer buys something without thinking about it first.

Impulsive buying is part of our everyday life in Western society. We have all occasionally bought goods or services that we did not really need in a sale. Doing it sporadically is not a problem, however, sometimes it becomes a disease. The ease of access to credit and loans has exponentially multiplied compulsive and emotional buying, and therefore over-indebtedness.

There are many categories of impulse buying: chocolate to clothes, mobile phones, cars, jewellery and so on.

When shoppers make impulse purchases, it is usually feelings and emotions that drive them to make the purchase. Emotion is so powerful that they have to indiscriminately use credit.

Some indicators of compulsive or emotional buying behaviour are:
– Spending more money than planned
– Visiting businesses that tend to provoke impulse purchases
– Feeling of quick satisfaction after unplanned purchases

It has been proven that on many occasions, these emotional and compulsive purchases lead to over-indebtedness in the personal or family economy. These are unplanned purchases that have not been thought of, but which have a high emotional component that drives us to make them.

In many cases we don't have the necessary money and we use credit cards.

7.2 How do you know if you are over-indebted?

It seems simple at first glance; a quick answer would be that you are over-indebted **if your debt expenditure exceeds your total income**. However, there are some aspects that complicate this situation even more. We can be over-indebted without realising it.

Some warning signs:

– Lack of liquidity: if when shopping at the supermarket, or filling up at a petrol station, you need to use a credit card or a loan to pay due to not having your own money.
– Paying off one obligation with another: using loans or cash advances to pay the monthly instalment on your credit card.
– Delay or default: failing to pay an obligation, however small, because of a lack of resources when it is due.
– Unbalanced accounts: not complying with the 50/30/20 rule, i.e. allocating 50% of income to cover basic needs, 30% to non-basic day-to-day expenses, and the remaining 20% to savings.

How to avoid over-indebtedness?

- Control credit and loans: manage them correctly and don't overuse them.
- Draw up a budget: in order not to spend more than is allowed, it is good to draw up a budget and eliminate small expenses, known as "ant expenses", as well as other unnecessary expenses, which are the enemies of saving.
- Be prudent in spending: it is a good idea to reflect on the convenience of the spending we do and how it could affect your future finances.

How to get out of over-indebtedness?

- No more debt: the first thing to do is to reduce or eliminate as much as possible the excessive use of credit cards or loans to cover your expenses.
- Eliminate unnecessary expenses: as you are trying to reduce your payment obligations, you will need to examine your expenses and identify those that can be avoided.
- Define a repayment strategy: establish a timetable and a strategy for repaying debts. One strategy may be the use of cascading payments as defined below.

Habits to encourage smart borrowing.

- Living in debt has become a habit in our society.
- Many people take out loans for anything from buying a microwave to buying property. This situation is getting worse because there are many people who are one small step away from bankruptcy. However, it is possible to live a debt-free life and to have financial freedom. It is not that difficult; you simply must acquire a set of habits.

Debt-free people behave as follows:

1. **They are aware of the value of money.**
   They are always aware of how difficult it is to earn one euro. They take this into account in all their financial decisions. They know how much their time is worth and therefore act accordingly. One trick to debt-free living is to avoid immediate gratification. You can also measure your purchases in working hours. Thinking that a new mobile phone means a new month's work can help.

2. **They know their financial situation in detail at all times.**
   Indebtedness can be due to voluntary decisions or to imbalances in personal finances. Debt-free people pay attention to detail. They know their income and expenses. They minimise fees. They cut back on services they don't use. They are attentive to inflow and outflow and do this through the tool of budgeting

3. **They don't spend their whole salary**
   People without debt live on less than they earn, they generally save. You can do more with what you earn if you have a fixed budget and enough willpower to stick to it.

4. **They think long-term and are patient**
   Those who don't get into debt are able to be patient. This patience allows them not to get into debt and not to pay twice as much for goods due to interest. Therefore, their modus operandi is to save and buy later, minimizing indebtedness and costs.

5. **They always have a defined objective**
   Saving for the sake of saving is demotivating for most people. People who borrow smartly, have clear goals, usually long term with small milestones in the short term. These clear and defined goals help them to focus and not be tempted to consume all their current income.

6. **They know how to say no**
   We live in a consumer society exposed to always buying messages and stimuli. Saying no to consumer temptations may seem easy, but it becomes more complicated when personal emotions come into play. They are aware of that

7. **They learn to think like Chief Financial Officers**
   Before any purchase, they consider how much and how quickly the asset loses value over time. They explore the second-hand market. They systematically calculate the cost of

debt before financing. They are aware that it is much easier to spend €200 with a credit card than in cash. They think in percentage terms, if they save two euros on €10, they are saving 20%. They are conscious of the importance of small expenses.

8. They are able to live without spending, valuing experiences over things.

9. They live without debt step by step.

7.3 Smart and rational borrowing

How are debt and risk linked?

The more debt we have, the more risk we have of not being able to pay them. This does not mean that you should not have debts as a rule. It is a matter of keeping this in mind whenever we take on new debts. Debt must be used wisely; it must be constantly analysed.

The first variable to consider for this analysis is one's financial situation. By financial situation we mean the amount of income and stability of it, compared to expenses. It is generally recommended to keep the level of indebtedness below 30 to 40% of the income, but this percentage is calculated assuming a regular income. If your income is precarious or unstable, it is advisable to reduce this debt ratio. Future plans are another factor to take into account in this analysis.

If you are a young person with a good network of contacts and a good education, you can take on higher debt ratios than an older person with a precarious income and no education. Another variable is the use to which the debt is going to be put. Taking on debt to buy a television or take a holiday is not the same as taking on debt to buy a car that will be used in your business. In general, sumptuous, or superfluous consumption should not be acquired with debt.

Finally, we would like to comment on another variable: the psychological profile.

There are people who can sleep peacefully paying 60% of their income in instalments on a mortgage loan. Others, however, feel great anxiety at the slightest debt they incur. The important thing is to understand how you feel when you are in debt and whether you feel that the risk you are taking is too great or not. If you don't feel comfortable being in debt, ignore the experts who say that you can get up to 40% in debt.

In conclusion, we can say that the level of debt that can be assumed by each person is different as the variables affect each person differently. Therefore, it is essential that you are clear about your optimal personal debt level.

The optimal level of indebtedness

For the borrowing process to fulfil its function, it must be framed within principles of intelligence and rationality. The goal of using debt financial products is to build personal and family wealth. Irrational indebtedness mortgages a person's life with financial burdens that can't be afforded. These financial burdens lead to over-indebtedness and the destruction of the family's own wealth.

Wealth is the foundation on which great family and personal projects are built. It should be a source of passive income, i.e. income that is generated by an investment or rental property.

From the point of view of an intelligent consumer, the debts contracted must be the result of a reflection on the term, interest rate, type of goods or services to be financed, the real need for them.

We are learning that getting into debt can be a smart idea or a terrible idea depending on the personal, economic, and financial situation.

Not everyone has the same capacity to take on debt.

Credit can be a fantastic tool for many people who have a comfortable situation and a psychological disposition that makes them self-confident. However, it can be a real condemnation for others.

How to calculate and achieve smart borrowing

The crisis generated by the pandemic has forced many individuals and families into debt. Creditworthiness is defined as an individual's ability to repay credit, loans or mortgages. Financial institutions approve loans by calculating the difference between the applicant's income and expenses. This difference must be more than 20% in most cases.

It is therefore necessary to know one's (personal) financial situation before thinking about getting into debt. For this, it is necessary to know how to budget, save money, invest wisely and finally handle personal loans responsibly.

Example:
Monthly income €1500
Monthly expenses and debt €500
Level of indebtedness: 500/1500 = 33.3%

The five key elements to smart borrowing

Taking on debt is sometimes a good financial strategy, but when interest rates are high, it can become a problem as debt sometimes grows by itself.

To enjoy the benefits of smart borrowing, follow these tips:

- Be informed of the financial cost of the debt before asking for it: you should know the interest, commissions, taxes, insurance and other expenses associated with the debt. This information will allow you to know if it is preferable to save first rather than get into debt.
- Analyse your ability to repay the debt: taking on new debt means being confident that you can repay it. This ability will depend on several factors, for example: your job security, whether or not you have a contingency fund, whether other people could help you if you lose your source of income.
- It is not advisable to remain in debt long after you have consumed the good or service.
- Know exactly how much debt you have outstanding at any given time.
- Be sure to include debt that does not look like debt.

7.4 Types of credit

- **Credit and debit cards**

  At first glance they look the same, but they are not. There are essential differences between debit and credit cards that must be understood to borrow wisely.

  Paying with a credit card is like taking out a loan. Therefore, like any other loan, you will have to pay it back in the future by adding the financial cost of taking out that loan.

  The amount you can spend each month with your credit card is the maximum limit that the bank is willing to grant you for purchases. This limit is different for everyone. The bank will ask you for proof of your income, based on which it will decide your personal credit limit.

- **Bank and non-bank cards**

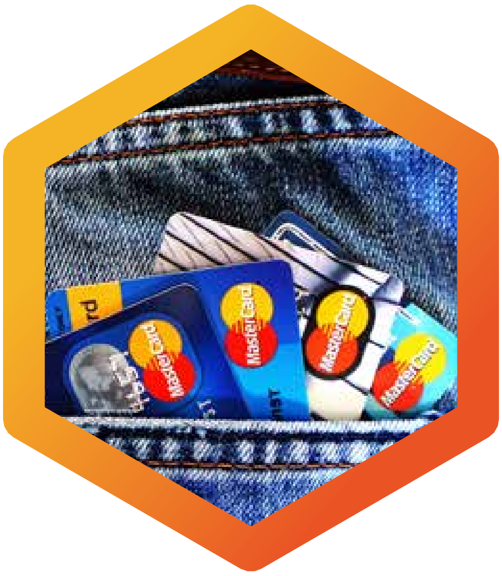
  There are two main types of credit cards:

  – Bank credit cards

    The credit card is offered by the bank itself. They are accepted as a means of payment in most shops and services all over the world.

  – Non-bank credit cards

    They are issued by shopping centres, supermarkets, clothing shops, etc. Their main purpose is to build customer loyalty. They can only be used to pay in the issuing shopping centres.



- **Revolving cards**

  This is one of the most commercialised and most dangerous cards. They are a type of credit card and therefore allow us to postpone paying for the things we buy. The way revolving cards work is that they are in fact a pre-agreed credit in which the borrower chooses how much he or she wants to pay each month, either with a fixed instalment or with a percentage of the debt.

  As the money is repaid, it becomes available again and so it becomes a never-ending wheel of financing that never stops.

  The repayment options are as follows:

  – Paying a percentage of the debt you generate, usually between 5 and 25% of the total amount

  – Pay a fixed instalment each month

  – Pay the full amount of the credit in arrears

    Normally, when you receive the card, the default payment method is credit.

    Disadvantages of revolving cards:

  – The amount of interest is usually disproportionate, around 25%.

  – They have a perverse effect on our mind that makes us spend more by using credit without thinking.

  – Finally, they hide an additional trap, as with mortgage repayments, it is almost impossible to know the total amount we pay in interest. This results in the amount paid in the end being far more than the amount financed for the purchase of the good or service.

Risks of credit card debt

We must always bear in mind that the issuer of the credit card, whether bank or non-bank, has a clear and defined objective: to allow us to spend more than we have and in return charge us interest.

And the normal functioning of a credit card is that at the end of the current month, the entire amount of credit consumed must be paid. And if we are able to pay off the entire amount, the credit card is a smart means of financing.
However, if at the end of the month we are not able to meet the full payment, we will have to defer the payment. This is where this means of financing is used unwisely by many people with little financial literacy.

The bank offers to pay a small amount per month to meet the debt. However, the interest rates charged on credit cards are enormous. They are as high as 25% per year. This 25%, divided into months, does not sound like a lot, but considered over a year it adds up to a huge amount.

7.5 Bank loans

Bank loans are transactions whereby a financial institution lends money to a customer under a contract whereby an obligation to repay in return for a requested interest rate is entered into.

A commitment is therefore made and should not be taken lightly. There are different elements to take into account.
– Capital: the amount of money requested from the bank
– Interest: the price that the customer pays to draw down the capital
– Term: the period of time stipulated in the contract for repaying the principal plus interest

Types of loans

Although there are different types of loans, they fall into two broad categories:

- **Personal loans:**
  These finance specific needs of the client at a specific time. The amount is usually small. Examples of personal loans are consumer loans, quick loans and student loans.

Consumer loans usually finance durable goods. Quick or so-called immediate loans aim to be agile in order to finance specific situations. Study loans, as their name suggests, cover tuition and degree costs.

- **Mortgage loans:**
  These are loans intended to finance the purchase of a home. The amounts of money requested through this type of credit are usually higher than those of personal loans. The mortgaged property is usually the collateral for the loan. The bank can keep the property and sell it to pay off the mortgage loan in the event of non-payment.

  Another classification in addition to the one already mentioned is whether the loans have a guarantee or not. The guarantor guarantees the fulfilment of the economic obligation acquired. The guarantor is willing to meet the commitments of the borrower. Requirements to be a guarantor:
  – Be of legal age
  – Be solvent enough to be able to meet the payments if necessary
  – Have a stable income
  – Unencumbered property

Quick loans. What they don’t tell you

While we have argued above that bank loans are the best way to borrow wisely because they are regulated by governments and the interest rates are fair, there are other loans on the market – quick loans, they are often called – that are a rather unwise way to get into debt.

The hook for quick loans is to make it possible to realise the dreams that everyone has. Many of these dreams can’t be fulfilled because the person is somehow excluded from the financial market.

That is, he or she has no collateral, and therefore the bank can’t offer him or her a loan.
These are quick credits, microcredits and express loans that offer you money immediately so that you can fulfil your dreams.

It is very important to be aware of three factors or traps that we are not told about when we are offered a quick credit and that you should be aware of before you fall into them, or if possible so that you don’t fall into them.

- The interest rates are much higher than average:

  The average interest rate on personal loans in Spain is 6.87%, according to data from the Bank of Spain. In the case of these types of loans, interest rates easily exceed 15% on average. They can even reach percentages of 100% when it comes to micro loans to be paid back in a short period of time.

  In fact, there are some that charge an interest rate of 1% per day. If you borrow €300 to buy a mobile phone to pay back in 30 days, you will have to pay €399. That's a third more than you asked for.

- They also charge interest on late payment.

  In case of failure to meet the stipulated payments, late payment interest is triggered. This interest on arrears is different from the standard interest charged on the loan. They are two different types of interest that accumulate.

  This causes the debt to grow at a very fast rate. In fact, many late payment interest rates are considered to be abusive .

- They cause you to overspend.

  The ease of acquiring money quickly causes people to overspend. If the money is there, you must use it. In many cases people borrow inefficiently or unwisely to treat themselves to a well-deserved holiday break. They don't realise that paying back that €1500 or €2000 holiday for a year means paying 25% interest.

- They charge fees for early repayment.

  Fast loans live off your consumption, which is why they penalise early repayment. Most fast loans include high fees for early repayment of the debt.

- They are the first step in a debt spiral.

  Getting into a debt spiral is easier than you think. The most common cases are people who take out a quick loan to go on holiday, finance their TV or buy any kind of whim.

What to do if you already have a quick credit?

If you find yourself in this situation, the best thing to do is to create a strategy or plan to get out of it. Part of this strategy can be to claim that the loan is abusive or charging usurious interest.

Usurious interest rates are defined by each country's financial regulator to prevent predatory lending to people with little financial education.

What interest-free borrowing hides

It is the latest fashion promoted by the consumerist society. The proposition is so attractive that it is difficult to say no. Let's not forget that nobody gives money away for free. Not charging interest is the toll that companies pay to encourage consumption.

The possibility of payment in instalments sounds very attractive. Normally, for a loan of €1500 or 30 months you would only have to pay €50 per month, which is very affordable.

There is another disadvantage to the instalment system. It is easy to go over your budget.

If you had planned to spend €1500, now, for five euros more per month you can have a more advanced TV model, but the result will be that you have paid €150 more than you had originally planned.

Are you sure that the financing is 0%?

The key is in the small print. The trick to 0% financing is in the management fees and the formalisation fees that some institutions may charge. It is not 100% free as advertised. Moreover, on many occasions they can be abusive.

What happens if you don't pay?

What usually happens is that if you don't pay, very high interest rates start to accrue, which can be well over 12%, and this is where part of the business of this type of financing lies.

7.6 Strategies for getting out of debt

Good debt and bad debt

This distinction is purely informal, but it is used on an increasing basis. This distinction can also help you to decide intuitively before taking on new debt.

- **Bad debt:** It usually has high interest rates and long repayment periods, which means that the total amount of interest paid is very high. Beware of misleading advertisements offering low monthly repayment and very long repayment terms. While this may seem useful at first, it is misleading and expensive in the long run.

  Bad debt is also used for unproductive purchases, purchases of goods or services that are consumed very quickly and don't generate lasting benefits.

- **Good debt:** Good debt is used to purchase goods or services that increase your well--being or your future prospects. These are usually expensive but really necessary goods: a car, real estate that increases in value over time, education that improves your job opportunities and career equipment that allows you to generate more income.

Make a list of all your debt

And this is a vitally important step in personal and family financial management. There is a mistaken belief that debt is only what one owes to the bank, but this is not the case.

The credit card, for example, is not a means of payment but a means of credit. Traditionally, means of payment were physical money and debit cards with which you could only make a payment if you actually had the means of payment available. Credit cards, on the other hand, allow you to get into debt without even realising it.

Cascade methodology

Falling into a debt spiral is easy, but getting out of it is not so easy. Here is the cascade method for getting out of bad debt.

It is called the cascade method because the philosophy behind it is to tackle all existing debt in a gradual or cascading manner. In many cases the accumulation of debt is enormous, so the first step must be to classify all the debt we have.

This classification can be based on different criteria:
– Total debt in each of the means of payment
– Real interest rate
– Type of asset financed by this debt

Once the debt has been classified, it will allow us to know the situation we are facing. The waterfall method will focus the action steps on the size of the debt. These are the suggested steps:
– Make a list of all debt
– Order the debt from smallest to largest amount
– Allocate a portion of the money each month to pay off the smallest debt
– Use the money freed up from the debt you paid off to start paying off the next debt

In some cases it may be useful to talk to lenders to re-negotiate an accelerated repayment of the debt in exchange for a decrease in interest rates, especially in situations of default, i.e. in situations where the person really can't cope with their debt. In these cases, it is more convenient for the bank to receive the full payment than to continue to accrue interest on a debt that it will never be able to collect.

This method of getting out of debt is effective for three reasons:
– It is very motivating as it allows you to quickly get out of debt
– You feel more relieved, you are able to see the light at the end of the tunnel
– And it pushes you into a virtuous circle

Debt reunification

This process consists of cancelling all loans, credits and mortgages to unify them into a single credit.

Requirements:
The debt reunification process is not available to everyone. It depends on the financial health of the person applying for the new credit. The lender will analyse their financial situation. In addition, the lender will ask for some guarantee of repayment. In the case of mortgages, the repayment guarantee is the property itself. The bank will normally demand that the house is paid for in a high percentage.

Debt reunification costs. As with any financial operation, reunification will not be free. These are some of the costs:

– Early cancellation fees for loans that you already have
– Commission for an analysis of the costs of formalising the new mortgage
– Commission in case of intermediation

Advantages of debt reunification
It allows you to reduce what you pay per month for all your debt. In some circumstances you may even be able to pay less interest on the total debt. If you don't see either of these two advantages, it is best not to consider it.

Smart indebtedness

Let us now consider the following concepts:
– Good debt and bad debt
– Leverage
– Options for using debt to your advantage
– How to avoid getting into debt problems

Good debt and bad debt

Good debt: using other people's money to acquire assets and grow businesses.

Bad debt: borrowing money to acquire liabilities or for personal expenses.

Once this is understood, it is easy to make the most of the money we have and avoid getting into trouble.

Leverage

Money invested in assets that will increase in value, generate income and allow us to increase our wealth.

Money spent: money spent on the purchase of consumer items that depreciate in value and generate expenses over time.

Leveraged property example
– It is about using debt to our advantage
– I can buy a property worth 100,000 euros with only a down payment of 20% of the property, i.e. 20,000 euros

- The bank puts down 80%, i.e. 80,000 euros
- The value of the property normally increases over time, let's assume a linear annual increase of 4% on the purchase value = 4000 euros per year
- Assume a 20-year loan with an interest rate of 5%
- Let's assume a rental of the property for 500 euros per month
- Annual capital repayment = 4000 euros per year = 333 euros per month
- Assume a rental income of 500 euros per month, whereby the rental income covers the repayment of the capital repayment instalment
- Assuming a bank interest rate of 5% on 80,000
- Interest paid in the first year = 80.000x5%= 4000
- Interest paid in the second year = 76,000x5%= 3800, and so on
- Let us assume a revaluation of the property of 4% per year
- From the second year onwards, the revaluation of the property covers the financial costs

In conclusion, with a down payment of 20,000 euros, I have taken on a debt that has worked for me. It is a good debt, a smart debt.

8. Module 3: Saving in practice

People who have sufficient income can choose to save some of it for future uses such as emergencies or later purchases. Savings decisions depend on individual preferences and circumstances. Funds needed for transactions, bill-paying or purchases are commonly held in nationally insured checking or savings accounts at financial institutions as they offer easy access to money and low risk. Interest rates, fees and other account features vary by type of account and among financial institutions, with higher rates resulting in greater compound interest earned by savers.

In this module you will learn:

1. Some data from Spain
2. Why having a goal helps in saving
3. Characteristics of a smart saver
4. Saving on fixed costs
5. Identifying ant cost

Learning results for participants

- To develop the financial education and economic independence of the participants. Both on a theoretical level, through basic but important concepts, and on a practical level with tips, tools and exercises.
- Building wealth, having money available for emergencies and future expenses. Good financial education leads to the ability to have savings, and therefore a financial reserve.
- Build a higher level of self-confidence. The ability to save builds confidence and stability as financial backing provides peace of mind and security.
- Learn to prioritise life decisions. Through learning financial literacy, participants acquire skills and thinking structures that improve decision-making in all areas of life.
- Avoid the need to get into debt. Clearly, the greater the savings capacity, the less the need to borrow and be in debt.
- Live with less stress and thus take care of your health. Good financial health will always go hand in hand with a better quality of life, and therefore emotional peace of mind.

8.1 Some data from Spain

Savings is the part of our income that we don't use for everyday consumption, i.e. money that is not spent. This amount can then be used for a short– or long-term goal.

Having savings can also be a great help in dealing with unforeseen events in the future. It is also a benefit in the family, business, entrepreneurship, and even at a general level in the economy.

The savings rate in Spain in 2021 was 11.4% of household disposable income, which is 3.6 points lower than in 2020, according to the National Statistics Institute (INE). This data points to the difficulty for families to save, in many cases for economic reasons, although it may also be the result of a lack of organisation and planning.

Savings is the fraction of income that a person decides not to use today for consumption. This capital is then set aside out of risk to cover a future need or contingency.

Financial education is fundamental to everyone's life. Unfortunately, it is generally an area that is not studied in schools and universities, unless it is in higher education that is related to this content.

The lack of such financial education, and therefore lack of savings, affects people of all ages and socio-economic levels, but is most acute in low-income families. This lack can lead to poor financial decisions that have negative consequences on the overall well-being of an individual and their household. For example, when people are not educated, they may fall victim to predatory lending and may even make use of informal loans: loans between individuals, without documentation and with usurious interest rates. They may also acquire sub-prime mortgages, or fall into frauds that can lead to bankruptcy.

Studies on financial education have shown that most financial consumers don't understand or manage basic financial concepts and products effectively, which prevents them from making informed decisions.

In line with the main priorities of this project, which are inclusion and diversity in all fields of financial education, and improving the competences of educators and adult learners working with those at risk of social exclusion, we believe it is important to teach guidelines for savings.

In this section, five main topics related to household savings will be discussed. The aim is to provide some examples and essential concepts, explained in a simple way, to show how to save efficiently.

The calculation of average savings in Spain is usually based on the savings of the household as a whole. Therefore, the averages are disparate, as the difference in savings is considerable, taking into account that a high percentage of households, around 40%, don't save systematically and don't have an emergency fund. It is certain that the participants in this programme, who are our main target group, are among this high percentage of people or families who fail to save anything each month.

Average savings figures are around €300 per month. This is mainly because the percentage of savers who save more than €400 per month is comparatively high (17%) compared to others who save less, e.g. those who save between zero and €100 per month, who account for 22%.

The INE (National Statistics Institute) periodically collects the average savings of Spanish households. This data varies depending on the economic situation. In the first quarter of 2021, the average savings of Spanish households was 4.9% of disposable income.

The average savings of Spaniards by age tend to fall into these three groups;
- Between the ages of 18 and 35, the percentage of savers is 47%.
- Between 36 and 55 years of age, the percentage is 42%.
- Between the age of 56 and retirement age, the percentage of savers is 38%.

The savings rate of Spanish households is at the bottom of the European ranking. The COVID-19 crisis has shown how important saving is. Lacking a cushion of resources to fall back on, millions of families have once again found themselves in a situation of dependency and vulnerability as in previous crises. This has also led to a sharp decrease in the availability of public and private care services, with the consequent diversion of resources from supporting growth to alleviating the consequences of the recession.

The following link, with data from Eurostat, shows how the savings rate of European households is distributed. We can see the score of each country and the EU as a whole over the years.

For additional data please refer to Eurostats Household Saving Rate: https://ec.europa.eu/eurostat/databrowser/view/tec00131/default/table?lang=en

The IEE (Instituto Español de Estudios Económicos – Spanish Institute for Economic Studies) stresses that in Spain we see that a significant proportion of financial assets are held in cash or deposits, which is not the case in other European countries. While it is true that this provides liquidity and plays a coordinating role in the economic structure, it also denotes an absence of financial planning and a lack of encouragement, through the correct tax treatment of long-term savings instruments.

This lack of financial literacy is an issue that requires public and private efforts in terms of training, education and communication. The result is therefore a household savings position that could be improved. Spain is far behind the European average.

8.2 Why having a goal helps in saving

Setting a goal is one of the best ways to save money. You can start by thinking about what you might want to save for, both in the short term (1-3 years) and in the long term (four years or more).

Common short-term goals are often a fund for certain emergencies, three to nine months of living expenses, a holiday or a down payment for a car. Common long-term goals may be a down payment for a house, a renovation project, a child's education or retirement.

As a tip, it is advisable to set a small, achievable, short-term goal at least to start with. Something that is fun and not part of the monthly budget. It could be paying existing debt or saving for an emergency fund. Achieving the rewards of these small goals can give you a psychological boost, a rewarding feeling and strengthen the habit.

It is important to sustain and maintain financial discipline and commitment for continuity in the management of savings and to achieve the proposed accomplishments.

8.3 Characteristics of a smart saver

A smart saver is characterised as an analytical person with a pragmatic spirit who considers an expense before making it, taking into account their budget and what the real needs are.

As well as looking at fixed monthly expenses such as electricity, water, gas, food and other things, it is important to budget a set amount for savings. If you are an employee and your salary is directly deposited into your account each month, consider setting up an automatic transfer to a savings account. The amount does not have to be large, but it will always be better than not saving at all.

Savers are made, not born. Personal experiences are an external motivating factor: if, for example, one has lived through a period of economic difficulty, with long-term unemployment, this experience can mark a turning point. Likewise, professionals who work as freelancers or self-employed also have a tendency to save, as they are aware of the uncertainty that accompanies them in their professional career.

A smart saver also understands the **importance of planning** so as not to get into debt. To this end, they make a proper savings plan in which they earmark a percentage of their income each month to achieve their goal without putting their financial health at risk.

An everyday activity such as eating can be an aspect of cost-cutting. Instead of eating out or buying lots of perishable food that is likely to be thrown away, it is better to draw up a shopping list and set a budget. It is best to cook at home by buying the ingredients you are going to use during the week and reserve eating out for special occasions. This way you can save a lot of money by paying attention to this detail.

Another crucial point is to **shop around before you buy**. Investing time in finding out about possible special offers and discounts and prioritising value for money is highly recommended, as is prioritising spending in certain areas. Issues such as food or education, which are priorities, should not be neglected, but savings can be made in other areas that may be secondary. If spending is a positive investment, it can of course be invested in.

When talking about a smart saver, one may think of a person who renounces certain whims or who is stingy. The truth is that they are actually someone who values the effort it takes to earn their salary each month and prioritises **responsible consumption**.

A good exercise can be to commit to writing down for a month every expense you make, from utility or card payments to the most insignificant purchases. This will keep track of the money you have available. With this list, you can decide what is unnecessary and calculate the money you could save. For the following month, set a goal to save that money that was spent on things you probably didn't need.

8.4 Saving on fixed costs

Fixed expenses are so called because they have a known periodicity and amount. These are recurrent expenses, i.e. they are necessary, and we know when we will have to make them and how much we are going to spend.

This group includes rent or mortgage, utilities such as electricity, gas, water, shopping basket, home insurance, homeowners' association or property tax. Similarly this will cover those expenses derived from education or transport costs, the Internet or mobile phones, among others.

Detecting what these expenses are and making a real study of what we could do to reduce consumption would mean a significant saving in our monthly expenses.

Here are some good tips on how to save on fixed costs each month:

Electricity, gas, water or Internet connection are fixed costs that take a big chunk out of your income. In all companies there are offers, packs or reduced rates at certain times. Switching to a better tariff after having made a good comparison is a good way to save on them.

- When it comes to **electricity**, these are the appliances that use the most energy:
  - The refrigerator
  - The television
  - The washing machine
  - The oven
  - The computer

  For responsible use:
  - Make sure that the power stated in your contract is what you need, you may be overpaying for too many kilowatts.
  - Don't keep food in the fridge that is still hot, or you will force the fridge to work harder than it should and consume even more.
  - Only run the washing machine when it is full, with just enough detergent to avoid leaving residues and, if the clothes are not very dirty, with cold water. Don't forget to clean the filter often, as limescale build-up also increases consumption.
  - Don't open the oven door while it is working, it will lose many degrees all at once and will have to work harder to recover them. The same will happen if you put frozen food in, double work for the oven and double expense for you.
  - When you buy a new appliance, make sure it is efficient.

– Don't use anything that is not essential: if it is sunny, don't use the dryer; if you leave a room, turn off the light; if you are not using an appliance, unplug it.

- Gas. Whether you use butane, diesel or propane to heat your home, take special care in the winter months with heating. Some measures to implement are:
  – Don't turn up the thermostat above 21º. It is not necessary to go indoors and wear a short-sleeved T-shirt if you don't wear normal clothes in the colder months.
  – During the night, it is better to lower the thermostat by two or three degrees than to turn off the heating, as the temperature would drop too much, and the boiler would have to make a great effort to reach the desired temperature again when the boiler is switched on again.

  – In the kitchen, the residual heat from the fire can be used to finish cooking food.
  – If the sun is hot, raise the blinds. The temperature will rise, and you will save the boiler work.

- Water
  – Bear in mind that a bath uses about 150 litres of water while a quick shower uses 30 litres.
  – You can collect the water that is not yet hot before you start showering in a bucket. This water can be used to mop the floor or water the plants.
  – Turn off the taps while brushing your teeth or soaping your hands.
  – Water plants first thing in the morning or before going to bed. If watering is done in full sun, the water evaporates quickly and more water has to be used.
  – If the bill shoots up, you may have a leak. Contact the company and they can help check.

- Shopping basket:
  – Before you go shopping, write down a list of what is strictly necessary, this will help you avoid buying unnecessary things or whims.
  – Don't go food shopping hungry. If you do, you will be tempted to buy more than budgeted for as your eyes will be bigger than your stomach.

– Try to buy on a daily basis. This is the most efficient way to make the most of what you buy and not end up throwing away products that spoil after days and days in the fridge. Did you know that every Spaniard throws away more than half a kilo of food in the bin in a week? The cost of this waste is around €250 per person per year. If there are four of you in your family, you could be throwing away €1000 a year.

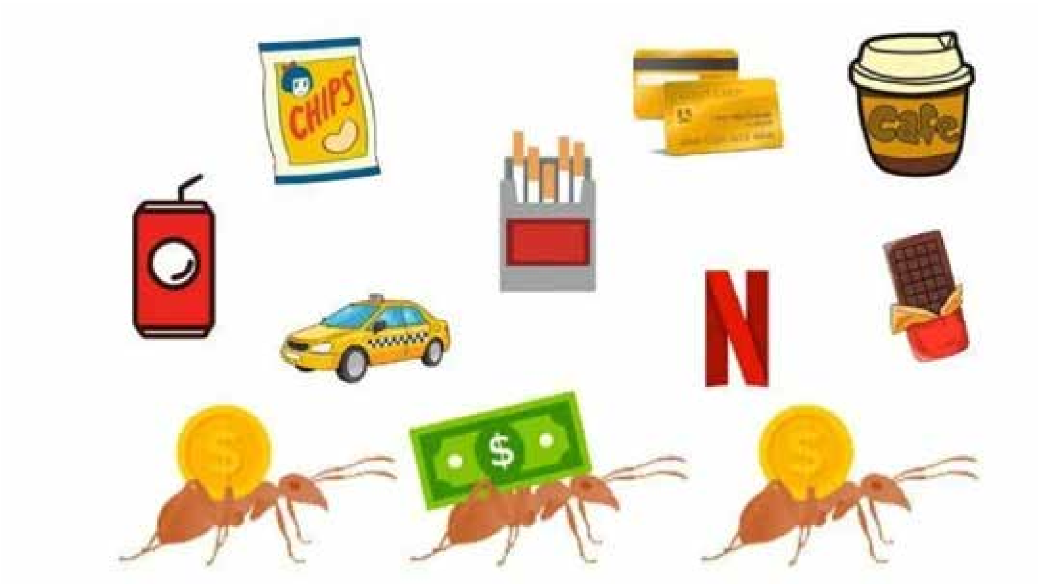
8.5 Identifying ant cost

These expenses, also called invisible expenses, are the set of small expenditures that are made on a daily basis, and to which little importance is normally given. Optimising these expenses can make a huge difference to personal or family financial health.

The criteria by which we can define this type of expenditure are as follows:

- They are small in amount. They are recurrent, ill-considered, unplanned and not usually added to budgets.
- They are not taken into account as a serious cost factor in comparison with other costs within the personal economy

ANT EXPENSES



There are countless **examples** of this type of expenditure, some of which are listed below:

– Sweets: chocolates, candies, chewing gum, etc.
– Drinks: coffee, soft drinks, milkshakes, energy drinks, alcohol.
– Bakery products: cakes, pies, tarts, biscuits, brownies, cupcakes.

– Streaming services.
– Clothing and accessories: shoes, T-shirts, caps, blouses, dresses, costume jewellery.
– Mobile app purchases: buying games, switching to a paid subscription or paying for items within an app.
– Other items: lotteries or games, magazines, special utensils, ornaments, tobacco.

It is difficult to quantify the exact influence of ant-expenditure as it will depend on the habits and customs of each individual. What is certain is that when a study is carried out on personal finances and it is sought to reflect these expenses, the high cost they represent in the total expenses as a whole is usually a surprise. In some cases they can amount to more than 15% of income. It is clear that this expenditure could be allocated to other functions that are more productive for the health of personal finances, such as savings or investment.
To avoid this type of expenditure, it is advisable to draw up lists of products that we really need and stick to them. A good example would be to add certain impulse products such as sweets, etc. to the shopping basket, as this would be an example of ant expenses.

To conclude this section, it is important to mention that we should not confuse things, as we all have the right to indulge a momentary whim from time to time, but we should also be vigilant. Giving in to all the desires we may have throughout the day can be detrimental to both our finances and our health. In general, let's avoid giving up some basic comforts, while at the same time keeping control of what we spend.

Simple methods and resources

Fortunately, there are numerous ways to save money, ranging from the classic ones to some new technology-related ones.

- Benefit from special offers and discounts

  Rising inflation makes special offers and discounts increasingly attractive to consumers. 3 out of 5 Spaniards look for special offers and discounts to save on their shopping basket. 86% of Spaniards surveyed say they use and redeem special offers for FMCG products at least once a month.

  By gender, women are more likely to use loyalty and discount programmes than men (37%). However, their use is decreasing compared to previous generations: it falls to 45% for boomers and 11% for generation z.

You can take advantage of the Internet. It is interesting to see it as a great ally when it comes to shopping as it is easier to find competitive prices online. Flash sale websites are a good opportunity to make savings. There are also outlet and liquidation websites that are equally interesting. Many brands and large chains have their own online area for this type of sales.

Similarly, for both food and some services, discount coupons are a good way to save money. Currently, many can be found for free on sites such as Chollometro, cupon.es, Oportunista, ePromos and Groupon. Some newspapers such as El Mundo, El País or ABC also run a dedicated section.

- Create a savings account

One of the most classic methods is to open a savings account. When the amount of money you accumulate grows, it is advisable to put it in an account where the money can earn some interest. If there are no immediate plans to spend that amount, you can open a short– or long-term deposit, which usually has better interest rates than a savings account.

- Having a piggy bank

The piggy bank is undoubtedly the simplest and most basic method. It may be an old method, but it is effective, especially for young people. It is true that the money collected in the piggy bank does not earn any income, but putting money in the piggy bank is a first step towards getting into the habit of good savings. An example would be to put in the change, those coins that are left over after shopping.

- ALP method

The ALP method, which stands for "Pay Yourself First", is useful and effective. As soon as the main income is received, a part of the money is set aside for savings and the rest is used to live on for the month. This resource encourages the brain to start looking for solutions to survive with what is left in the account after withdrawing that amount.

In order to do this correctly, it is important to define the amount that is going to be devoted to savings and stick to it. Willpower is required.

- 50/30/20

This effective and simple method tries to use your monthly income by dividing it as follows in percentages:

– 50% for your primary needs
– 30% for incidental expenses or a whim
– 20% earmarked for savings

Increasingly widespread, this formula helps to keep track of what is spent on a monthly basis, without accounting becoming complex and tedious. This is because one of the basic principles of finance is to subtract expenses from income, and what results is savings.

In other words: expenditure – income = savings

- Some useful apps

It is a good idea to make use of the many apps that help you plan your savings through your mobile phone. These apps help you to manage your money and save or control your expenses. If, for example, you synchronise it with your bank, these apps keep track of your income and expenses and can carry out different tasks such as: organising a budget, analysing strange movements, alerting you to high bills, etc.

Some of the best-performing savings applications include:

– Fintonic
– Money Pro
– Spendee
– Arbor
– Wally
– Mint

Sources of self-study materials

Learning and acquiring financial skills is something we can always discover more about. It is a lifelong study, and while it helps a lot to have a financial advisor, one can, through self-learning, acquire the fundamental knowledge oneself, and consequently have strong and competent financial skills.

Nowadays, there are numerous resources and materials for self-study on financial education. If we look at the traditional way, there is a large bibliography on the subject, but on the Internet there are various websites, videos, tutorials, podcasts, articles and forums which we can take advantage of in our self-study path.

It is important to emphasise that in this and in all learning processes, as long as you have the motivation to learn, there will never be a lack of options to achieve it.

Books

Settling the accounts: how to successfully control your family finances
This book, authored by Vicens Castellanos, explains how to change the attitudes you tend to have in order to turn them into advantages for your finances. It explains, among other things, what is really important when it comes to organising expenses, how to eliminate debt efficiently or avoid it.

Finance for dummies
This book is a great help in understanding step by step the perfect distribution of income and how to avoid unnecessary expenses. It was written by Vicente Hernández Reche, a professor in the department of economics and business at the Pompeu Fabra University in Barcelona and an expert in private banking.

Podcasts

Podcasts are a very useful resource as they help to make the most of the time when you are performing mechanical actions, while organising your room or house, or while driving or riding on public transport.

Financial neuron
This podcast is produced by Rodrigo Álvarez. In each episode a specific topic, such as savings, investment fundamentals, mortgage and loan issues, is discussed among other everyday issues.

Pears and apples
This interesting podcast is by Valeria Moy, senior research fellow at Harvard Business School, an international leader in finance who has held senior positions in this sector. You will learn from scratch about utility payments or the time value of money.

YouTube

Figuro

Thanks to this YouTube channel, you can make the most of everyday financial knowledge, from managing your resources to using new applications. They also have a space where you can find answers to everyday questions, such as how to use credit cards and other issues.

Financial success

With Juan Sebastián Celis as your guide, these videos teach you how to deal with banks, invest in times of crisis, get out of debt, and tips on what purchases you should not make through loans.

9. Module 4: Safe finances on the Internet

So much of our lives is now carried out online – most people do their banking online, fees and bills are paid online, and many people use online shopping as a way to get the things they need. Your online identity and accounts can do so much that it's crucial you keep them secure and confidential.

There are a number of steps you can take to protect your financial information and make sure that your cards and accounts never end up in the wrong hands. Depending on how you use the Internet and what sort of cards and accounts you manage, there may be different things you'll need to do. Try and do as many of these things as possible to keep things safe and secure.

In this module you will learn:

1. How to safely use financial products over the Internet
2. How to shop online safely
3. Common traps set by scammers on the Internet and by phone
4. How to secure your smartphone or computer

Learning results for participants:

- They understand that in the virtual world, great care and the principle of limited trust must be maintained
- They can identify common crimes they are exposed to online and over the phone
- They know how to improve safety of their finances on the Internet
- They know where to turn for help if they fall victim to a phishing crime on the Internet

9.1 How to safely use financial products over the Internet

Financial products are services offered by financial institutions. We can distinguish the following financial products: bank accounts, deposits, loans, insurance and other. These common financial products are currently available to the consumer via the Internet, which often makes it very easy to access them. It mainly saves us time that we previously had to spend to reach the bank to, for example, make a transfer or purchase insurance.

Something to consider: The basic principle of using financial products is to use (whether on the Internet or in the real world) only those financial products that we understand the workings of and know the consequences of having a given financial product.

The availability of financial products via the Internet is a very positive circumstance that is worth using, **we recommend it!** It saves us time, additionally using, for example, electronic banking at home, we are in our safe environment, we don't act under pressure, we are not stressed by someone's presence as it can happen in a bank branch.

However, it is worth realizing that if our computer and Internet connection is not properly secured, people – fraudsters who will have access to our very sensitive data – can easily find themselves there, in the virtual world.

If we don't have a properly secured computer and connection, the situation is identical to one where we give a complete stranger access to our wallet, ID card, PESEL number, etc.

Electronic banking, i.e. using our bank account by a computer or through the bank's application on the phone, is a very convenient form of using our bank account. To gain access to electronic banking, we can get login and the first login password in our bank in person or via the telephone hotline, which we then change to our own password. We encourage you to use electronic banking, and as discussed in Module 1 on household budget, remember about the importance of the habit of frequently analysing your bank statement, identifying all transactions that are there and monitoring the funds available on the account or on individual sub-accounts if you have any.

We log in to our account and have quick access to the history of transfers and transactions, withdrawals from ATMs and bank fees, we see exactly how much the account costs us every month, we see how much we paid for withdrawing cash at an ATM of a foreign bank, thanks to which we can start paying more attention to this disappearing money and maybe think about changing the account to a cheaper one.

Explanation: A payment card is a plastic bank card with a magnetic stripe or chip on which the data is written, i.e. the name of the bank's customer and cardholder and the expiry date of the card. The payment card gives the customer the opportunity to make non-cash transactions, i.e. make payments without the need to have cash with them.

To be able to use financial products on the Internet with peace of mind, we should keep to the following rules:

1. Make sure that a security padlock badge is displayed when logging in. This is what it should look like: a lock symbol in the browser or a page address starting with: https:// – means that the data transmission is encrypted and secure. When you enter a website,

the search engine bar should display this: https://. If instead there is only http://, the site does not have an SSL security certificate. Currently, in most search engines, after entering a site without SSL, the http:// is crossed out in red or a corresponding message appears. In such a situation, don't enter such a page.

2. Securing your login and password for electronic banking. We should protect the login and password from outsiders and not share them with anyone. Don't log in in the company of strangers who may see your password. You should never and under no circumstances share your login and password with anyone. In general, it should be data remembered, not saved. If we are afraid that we will not remember the login data, we can save it using a cipher whose key is only known to us. For example, if your login is 123456789 then at the beginning add 00123456789 in your notes.

3. Your password for electronic banking should be complex and difficult to guess, don't use the name of the place of birth, the name of the place of residence or the street on which you live. To strengthen the password, add a capital letter, numbers and characters. Make sure that the password does not coincide with the password to your email account. Furthermore, never share your password with anyone.

4. Remember, a bank representative should never ask you by phone, email or text message to enter your login or password. If something like this happens, it should immediately arouse your suspicion that an unauthorised person is contacting you.

5. Don't reply to emails from the bank sent to your e-mail address, all information about the tariff change can be found in the operation panel of the online personal account.

6. Don't search for the bank's website by entering the name of the bank into a search engine, e.g. Google. There are viruses and malware that can replace the default search engine and redirect you to a fake bank website.

7. The situation is similar with the PIN for your ATM or credit card. Never share your card with anyone or give out your PIN. Remember the PIN, if you have to write it down, use a cipher for which only you know the key. In addition, never keep a card in your wallet along with a saved PIN, ever. You can save your PIN in your phone book as a phone number for a fictitious friend. If you have a card in a bank whose name is Bank M ***, and our PIN is 9012, you can save in the list of contacts, e.g. Beloved Maria tel. 22 33 9012. Of course, this method is not ideal, and you must remember the method, but it will allow you to write down the number in a relatively safe way.

8. If the card is stolen or blocked by an ATM, the card should be reserved. All these activities should be done as soon as possible, because until the loss of the card is reported, the customer is liable up to a certain amount (usually it is specified in the contract), but from the moment of reporting to the bank, this responsibility passes to the bank that issued the card.

9. Use electronic banking preferably only from your computer, in a Wi-Fi network that is protected by a password. Avoid using electronic banking from computers in public spaces. It may happen that software that intercepts logins and passwords (so-called spyware) has been installed there.

10. Never log in to your account from publicly accessible computers, such as Internet cafes.

11. If you need to log in to your account in a public place, do so from your smartphone, using an Internet connection over a cellular network instead of Wi-Fi. If you are using a laptop, connect to the Internet also through your smartphone, using it as an access point.

12. Make sure your antivirus programme is up-to-date and active on your computer.

Now take some time and check whether all the passwords you use to log in to online banking and other online services are strong enough, not repetitive and are changed regularly.

Think now about when you last changed the password for your online banking, whether it is secure, whether it meets the requirements set out in the above points, if not, change it now.

9.2 How to shop online safely

Online shopping is a great facilitation in buying the products we need. As a rule, we will find products there at a lower price than in traditional stores. When shopping online, we have time to analyse a given purchase, read the opinions of other users (let's also be careful here, sometimes the opinions are untrue and are only intended to praise the product).

We can calmly compare the prices of products in price comparison engines. It is really worth giving yourself time and make a purchase without hurry, pay attention to the characteristics of a given product, and not just look at a photo that can be taken in such a way that it will mislead us.

It is worth using the principle of WATCH ONLINE, BUY OFFLINE if searching the Internet itself is unsatisfactory for you.

When to use this shopping model:
- If you are dealing with a complicated product about which you have little knowledge, e.g. a camera. You can look for information on the Internet and then have an in-store discussion with a specialist about the model you have pre-selected.
- You want to know what other customers have to say about the product before you buy it.
- You want to compare the prices of goods. Make sure to add shipping costs – sometimes it significantly increases the final purchase cost.

Once we decide to buy a specific product on the Internet, it is worth remembering the following rules.

1. Check the credibility of the online store. According to the law, the website of the e-shop should include: the name of the company, the address of the registered office, e-mail and information about the authority that registered the business activity.

   You can call the store and make sure that the data provided is authentic and that the store exists. Using the registers available on the web, you can also check the credibility of the economic operator of your choice:

2. Make sure that the purchase terms and conditions and the return policy are available on the website and read them. Remember that when making a purchase online, you have the right to return the goods within 14 days of receiving the purchase without giving a reason.

3. If you register in the online store (create an account), remember to use a different password than you use, for example, for your electronic banking. You never know if the store's databases will not be stolen by hackers and where your data will go.

REMEMBER! The purchase, i.e. the conclusion of the contract, occurs when you press **"ORDER WITH THE OBLIGATION TO PAY"** OR EQUIVALENT, IF AFTER THIS ACTION YOU DON'T SETTLE THE PAYMENT, THE STORE MAY DEMAND FROM YOU THE COMPLETION OF PURCHASES AND PAYMENT.

What benefits an account in a specific online store gives you:

- rack your current order and access your order history.
- Access your personal data for modification and management, e.g. adding another delivery address.
- Benefit from a buyer protection programme to mitigate risk or provide a refund for lost funds, or help resolve a problem with the seller.
- No need to enter shipping data every time – a significant simplification for your next purchase. The system will fill in all the fields for you, using the data entered by you at registration.
- Ability to manage the benefits of loyalty programmes, receive rewards, discount coupons.
- Access to newsletter settings, e.g. enabling/disabling this option, setting interesting topics or frequency of dispatch.

Something to consider: If you tend to shop online on an impulse because you see something in a newsletter, just unsubscribe from the newsletters, you will not be informed about the next opportunity that escapes you!

What does the seller do after receiving your order?

- He receives the order and sends confirmation of its acceptance (text message, e-mail).
- He picks the goods in his warehouse or orders them from his suppliers to then send them to you.
- He prepares the goods for shipment (secures, packs, addresses, enters the tracking number into the parcel tracking system).
- If you change your mind and want to return or exchange the goods, the seller is obliged to accept the undamaged goods and refund the price within 14 days.
- He transmits information that the goods have been sent (text message, e-mail).
- He sends the parcel in accordance with the delivery method chosen by you (courier, Polish Post, parcel machine, personal collection).

What should make you vigilant while shopping?

- When the price is very low and the store's offer is poor or presented in a not very professional way. Better give up the purchase.
- Request a PIN for the card. Never enter your card PIN online, e.g. to confirm an online payment transaction.
- No Purchase Terms and Conditions. Always read the store's terms and conditions before making a purchase.
- No option of system payments. Use proven payment systems.

Remember: Pay for online purchases by always using your own computer with an up-to--date antivirus programme and with the option of remembering data entered into forms disabled.

Popular payment systems used by many online stores cooperate with different banks and stores, mediating in transferring money between them, and at the same time ensure the security of these transactions.

When you pick up a package from a courier:

- After receiving the package, it is worth opening it in the presence of the courier to make sure that its contents are consistent with the order and the goods themselves are not damaged.
- If you notice that the parcel is damaged, you can always refuse to accept it or draw up a report with the courier.
- This is especially important in the case of products sensitive to damage in transport, e.g. glass, household appliances or electronics, or when the way the package is packed raises your doubts.
- If you have chosen the method of delivery from the list of options offered by the seller, the seller is responsible for the goods until the buyer collects it, even if the damage to the shipment is caused by the fault of the carrier (e.g. courier company) entrusted by the seller with the delivery.
- An uncollected package from the courier may go back to the distribution centre, which is most often located on the outskirts of cities. Picking up your package can be a hassle.

9.3 Common traps set by scammers online or over the phone

Phishing – computer harvesting is a method in which a criminal impersonates another person or institution in order to obtain confidential information (e.g. login credentials, credit card details) by infecting the computer with malware or persuading the victim to take specific actions. These can be emails or text messages that come from addresses that look like your bank's email or text messages from unknown numbers about the need to pay extra for the energy bill, courier surcharge or unpaid fine. Hackers can also take over access to your computer and carry out various types of malicious operations. The user is threatened, m.in. irretrievable loss of files, unstable operation of the system or computer blockage.

Hackers impersonate trusted institutions – e.g. the police, courts or security office, displaying a message on the monitor screen about the alleged violation of the law by the user. They promise to unlock the computer after paying the ransom within a certain period. It is worth remembering that the police and other legally operating institutions never act in this way. Therefore, you should not deposit money or provide any confidential data.

At one time, it was also popular to impersonate service companies: telecommunications or energy suppliers. A consultant claiming to be our existing service provider proposed to conclude a new contract with better conditions, in fact consumers were concluding new contracts with a completely different provider.

Something to consider: We should report any such situation to the police or use the form to report an incident in cyberspace, and above all, never click on links from sources unknown to us.

The CERT (Computer Emergency Response Team) operating at NASK is responsible for:
- logging and handling of security incidents,
- alerting users about the occurrence of direct threats to them:

See:
https://incydent.cert.pl/

There are websites where we can check whether our personal data is used by third parties.

How to protect yourself from extortion?
- Ask who you are talking to
- Never give your name until you are sure who you are talking to, what company they are from, and how they obtained your phone number
- Beware of ads that offer quick profit without risk
- Don't open suspicious emails with attachments from unknown people
- Don't give your data over the phone, especially to unknown interlocutors
- Make sure your online payment method is secured – padlock
- Carefully check the website address of the charity fundraiser or store – if anything seems suspicious to you, don't transfer money
- Don't be persuaded to buy "miracle" supplements or medical devices
- Check if the seller's data is available on his website – if it is not there, don't trust him
- You should always have time to make a decision – if someone tells you to make it right away because the opportunity won't happen again, they most likely want to deceive you
- If you suspect fraud, report the matter to the police on 112

9.4 How to secure your smartphone or computer

If someone is just taking their first steps on the Internet or has been using the Internet for many years and may have already lost their vigilance or does not pay attention to security rules, the rules presented below are to be considered:

1. **Up-to-date antivirus programme on your computer**
   If you don't have an up-to-date antivirus programme on your computer, it's as if the door to your apartment was kept wide open all the time and you would count on strangers not to enter. Antivirus programmes are offered by many manufacturers. Some of them offer basic protection free of charge. Only more advanced options have to be paid for. They can be installed on various devices, i.e. computers, tablets and smartphones.

2. **Don't open emails from unknown senders**
   An email from a distant relative from Botswana is certainly an attempt at fraud, under no circumstances click on attachments in emails, it is best to throw such an email into the trash without opening. The information about the big win is unfortunately not true!

3. **Don't click on ads that appear in the browser**
   No, you did not win a smartphone for 4000 euro just because you visited a website. Don't click on this ad. Infection with viruses, spyware and other malicious programmes can also occur as a result of clicking on an advertisement. Therefore, it is worth ignoring this type of pop-up windows and scanning the system with an antivirus programme as soon as possible if you clicked on it.

4. **Remember to update your software regularly**
   Update your computer's operating programme regularly. Thanks to updates, it is possible to remove security vulnerabilities on an ongoing basis.

5. **Create hard-to-guess passwords**
   Avoid passwords such as: admin, administration, 1234567. Don't create passwords that include your family members' names and birthdays.

6. Always log out of the service you used

This is extremely important. Especially if you share a computer with other people, keep this in mind.

7. Use a firewall

Firewall is a combination of protecting your computer and your network from unauthorised access. The primary function of a firewall is to monitor network traffic and log the most important events.

8. Use only websites with an SSL certificate – a padlock symbol

SSL certification is a universal type of security, designed to support different types of websites. It works by encrypting our data. This means that our data is specifically masked from potential interception on the web. That is why it is so important to use pages with a padlock symbol.

9. Download files and programmes only from trusted sources

One of the most common reasons for malware infection is downloading files from illegally operating sites. Use only legitimate download sources.

10. Use different email addresses

Create an email that is only for online purchases or reservations. Don’t do this from your main account, as you run the risk of your confidential data being taken over.

11. Don’t go to suspicious sites and sensitise children not to do this.

10. Module 5: Consumer rights

Consumer rights are understood as the set of regulations and laws whose primary objective is to ensure the defence of any type of consumer against situations in which his or her power or condition as a consumer is not respected. These rights should protect against non-compliance by sellers and providers of products or services.

In this module you will learn:
1. Consumer rights and financial education
2. Your rights while you shop
3. Read, before you sign approach
4. Product safety rules

Learning results for participants:
- They understand that wise use of consumer rights has a positive impact on their budget
- They know how to withdraw from a contract concluded over the Internet or outside the seller's business premises
- They are familiar with the product safety rules

10.1 Consumer rights and financial education

A consumer is an individual person who performs a legal transaction with an entrepreneur that is not directly related to his business or professional activity, e.g. if Mr. Sanchez buys his wife a laptop, he is a consumer; however, this will not be the case if he buys the same equipment for the company (as an entrepreneur) and the wife will use it occasionally.

Recognizing as a consumer is of significant legal importance because having this status often determines which regulations will be applied to assess the entire transaction. It should be noted that in many cases the legal position of the consumer is reinforced in advance by legislation.

In Spain, specifically, with the enactment of the 1978 Constitution, the protection of consumers and users is a basic principle that obliges the State to ensure its citizens their rights and freedoms in this area. Article 51 states that the public authorities are required to:
– Guarantee the defence of consumers and users
– Protect their safety, health and economic interests

– Promote information and education of consumers and users
– Encourage consumer and user organisations and listen to them in matters that may affect consumers and users

This constitutional provision is developed in Royal Legislative Decree 1/2007, which approves the revised text of the General Law for the Defence of Consumers and Users and other complementary laws (B.O.E. no. 287, 30 November).

History

Translation of the speech by J.F.K. (Introduction):
“Consumers, by definition, are all of us. They are the largest group in the economy, affecting and being affected by virtually all public and private economic decisions. Two-thirds of total spending in the economy comes from consumers. But they are the only major group in the economy who are not effectively organised, whose opinion is often ignored”.

World Consumer Rights Day is celebrated every year on 15 March. This day serves as a day to promote the fundamental rights of all consumers and to demand that these rights are respected and protected, as well as to denounce market abuses and social injustices in this area.

This day commemorates the date of 15 March 1962, when US President John F. Kennedy signed a four-point declaration of fundamental consumer rights. This declaration was adopted by many countries and by the United Nations (in its 1985 Guidelines for Consumer Protection, thus gaining international recognition and legitimacy). It stipulates that all citizens, regardless of their income or social origin, have certain fundamental rights as consumers. With this approval and endorsement by several countries and the UN, the recognition and defence of consumer rights as an important indicator of a country’s social and economic progress is evident.

The initial four rights were later expanded to eight and are as follows;
• Right to safe products and services
• Right to be informed
• Right to choose
• Right to be heard
• Right to the satisfaction of basic needs
• Right to be compensated

- Right to education
- Right to a healthy environment

In the European Union

When buying goods or services anywhere in the European Union, every consumer has the same rights in the following respects:

- **Contractual information:** before you buy goods or services in the EU, the seller must provide you with clear, correct and understandable information.
  Such contractual information should include:
  – The main features of the product
  – Total price including taxes and surcharges
  – The shipping costs, if any, and any other additional costs
  – The terms of payment, delivery or performance
  – The identity of the seller, his address and a telephone number
  – The duration of the contract if applicable

  For online, telephone, catalogue and door-to-door sales, the following information must also be provided before purchase:
  – Seller's e-mail address
  – Shipping restrictions by country
  – Your right to cancel the order within 14 days – the right to change of decision
  – After-sales services available
  – Dispute settlement mechanisms
  – Commercial Register Number of the seller
  – Professional title, the VAT identification number of the seller
  – Professional Association to which the seller belongs

  You should not pay delivery charges or any other surcharges that you have not been informed about beforehand and contracts should be drafted in a simple and understandable way and should not include unfair terms.

- **Prices and payment:** information about the total price, including all taxes and surcharges, must be clearly stated. When making online purchases, it must be expressly stated that you are aware that you are placing an order and that you are obliged to pay.

When making an online payment of more than €30, a combination of at least two authentication elements must be used:

Either your own mobile phone or card reader, a PIN code or password or fingerprint.

No merchant, within the EU, can charge you more for using a credit or debit card. The only exceptions are American Express/Diners Club or company/corporate cards, as these are billed to the company and not to individuals.

Please note that if you pay in a currency other than the euro, the issuing bank may charge a currency conversion fee if you use the card in another EU country.
You will always have to give your consent for any additional payments indicated by the seller such as express delivery, gift wrapping, travel insurance etc.

When shopping as a private individual within the EU, you only have to pay VAT once, in the country where you buy the goods.

When you buy online in another EU country for delivery to your country of residence, special rules may change. In these cases the VAT in the country where the goods are delivered, the VAT of the country of destination, will apply.

For products such as tobacco or alcoholic beverages in another EU country, the price will include excise duty regardless of the quantity even if it is a gift.

Check that the seller has paid the excise duty before making the purchase. If the seller has not paid the excise duty, the goods may be confiscated by customs on arrival, or the purchaser may be required to pay this excise duty.

- **Shipping costs:** these costs, and other related costs, must be clearly specified. The seller may charge a different price for delivery to another EU country, and this price must be justified. Always before buying a product, the seller must inform you about the delivery options and their cost and you must give your explicit consent.

  The seller will be responsible for any damage caused to the products from the time they are dispatched until you receive them. If, on receipt of an order, you discover that the goods are faulty or malfunctioning, you have the right to request a repair or replacement or, if this is not possible, a price reduction or refund. You always have a free minimum warranty of two years, regardless of how you bought the goods: in a shop, online, by telephone or by mail order.

Also, if you don't receive the goods within 30 days or within the agreed period, you must notify the seller and allow him a reasonable additional period for delivery. If at the end of this period the goods have still not been delivered to you, you have the right to withdraw from the contract or get a refund as soon as possible.

- Guarantees and returns: you must repair or exchange, make a discount or refund the amount paid when you have purchased a product that is defective, does not work or does not correspond to what was advertised. Similarly, if you have purchased the product or service online or outside a commercial establishment, you also have the right to name and return the order within 14 days for any reason and without any justification.

Warnings regarding common prejudices

It is important to know that, even if it is not recorded as a misuse of commercial practices, the consumer has the right to complain, complaint and retribution, replacement or repair if the product or service does not comply with the conditions that had been established in the commercial union.

Examples of these are: special offers that are not fulfilled, prices that are not real, products that are not visible in advertisements or brochures, defective or second-line products, repairs that are not done or not done at all, etc.

To make a complaint correctly, in addition to being made orally, it must also be made in writing and documents and receipts must be presented to prove the role of each of the parties involved. The reason for the dissatisfaction with the product or service should also be recorded.

One of the main problems faced by consumers is that they sometimes don't have documentation of the transaction, i.e. a receipt or an invoice.

Another problem is often the small print in contracts. Here, it is often mentioned that the company is not responsible for certain issues and disclaims liability. That is why you should always be very careful and read everything.

All these complaints can be filed with the entity in question and with autonomous consumer defence entities, with bodies that deal with these issues and depend on the national, provincial or municipal authorities. When the case is more serious, it can be made directly to the courts.

10.2 Your rights while you shop

Shopping online in Europe today is one of the fastest and cheapest ways to shop, but when problems arise, consumers often feel that they are left on their own with their electronic devices. With the rapidly changing digital world, new EU rules aim to better protect consumers.

The proportion of purchases made online is increasing every year. With this increase, cybercrime has also increased.

A good tip for safe shopping is to use a reliable Wi-Fi or Internet connection. Networks in bars, shopping centres or shops, while convenient and easy to connect to, are often not secure. Packets of information transmitted over public connections can easily be captured by hackers or cyber criminals. For this reason, we recommend that if you are going to carry out transactions where important personal information is transferred, always look for a secure network.

Another good tip is to keep your computer updated and protected by having a good antivirus product, as online shopping is one of the processes in which we share the most personal and dangerous information. Also, after making online purchases, it is advisable to check that all charges on your account are known and controlled. Whenever something looks suspicious, it is best to contact your bank before you become a victim of identity theft.
Identity theft

It is any crime in which someone gets hold of personal information with the intention of committing fraud. It encompasses many types of personal information, from stealing money to using the data to receive medical treatment or apply for credit.

Identity thieves are always looking for the most vulnerable targets. That's why it's so important to armour yourself as much as possible and prevent identity theft by making a few small changes to your digital lifestyle.

- Create strong passwords. This is crucial. If a thief obtains one of your passwords, they will only be able to access that particular account.
- Use two-factor authentication. Enable two-factor authentication (2FA) when you can. It is not foolproof, but it makes it much more difficult to crack an account.
- Lock your phone. If you lose your phone, a password, PIN or fingerprint lock will prevent thieves from using it, but think carefully before activating facial recognition, as anyone could unlock your phone by pointing it at you.

- Share as little as possible on social media. By reducing the information you share online, identity thieves won't know as much about you.
- Keep your credit frozen until you need it. Unfreeze the credit when you need a loan and freeze it as soon as you have finished the formalities.
- Use a VPN. Encrypt your Internet traffic with a VPN to prevent a greedy hacker from hijacking your data while you surf. This is doubly important when using a public Wi-Fi network.
- Learn to recognise phishing and pharming attacks. Look carefully at emails and websites before doing anything, such as entering personal information, downloading files or clicking on links.

Online shopping scams are the most frequently reported scams overall: they accounted for 37% of the complaints filed in 2021 in Spain, with three out of four victims reporting some loss of money.

These scams usually start with a fake website, mobile app or advertisement on popular social networks (such as Facebook or Instagram). Some of these shops are invented from scratch, others mimic well-known companies, with familiar logos and slogans and a URL that is easily confused with the real thing.

Some signs to look out for to detect possible fraud are as follows:

- Bargain prices. Internet security company Norton says you should be on your guard if discounts exceed 55%.
- Poor quality or misspelled website design. Real retailers are very careful about how they present themselves on the Internet.
- Limited or suspicious contact options: for example, they only have one contact form to complete, or the customer service email is a Yahoo or Gmail account, not a corporate account.
- URLs with strange words or characters (most shops use only their brand name in web addresses) or unusual domains (e.g. .bargain, .app or a foreign domain instead of .com or .net).
- Sites that require you to download software or enter personal information to access coupons or discount codes.
- Sellers who demand payment by bank transfer, money order or gift card. They are scammers.

To protect yourself from scams:

- Use trusted sites, rather than shopping with a search engine. Scammers can play with search results to mislead you.
- Shop around before you buy. Check the prices of several retailers to determine if a deal you've seen really is too good to be true.
- Research unfamiliar products or brands. Search the name with terms such as "scam" or "complaint", and look for reviews.
- Check that the telephone numbers and addresses on the shop sites are authentic, so that you can contact the seller in case of problems.
- Read the delivery, exchange, refund and privacy policies carefully. If they are ambiguous or non-existent, go elsewhere.
- Look twice at URLs and application names. Missing or transposed letters are a scam, but they are easy to overlook.
- Pay by credit card. Liability for fraudulent charges on your card is generally limited to €50, and some issuers offer 100% purchase protection. Paying by debit card offers no such guarantees.
- Don't pay by bank transfer, money order or gift card. Sellers who demand these types of payments tend to be scammers and, unlike credit cards or reputable electronic payment services, there is little recourse to get your money back.
- Don't assume that a retail website is secure because it is encrypted. Many fraudulent sites use the encryption "https://" in front of the URL to provide a false sense of security. Use other means to confirm whether a site is legitimate.
- Don't provide more information than a retailer needs. That's just your billing information and shipping address.
- Don't use sites that require you to download software or enter personal information to access coupons or discount codes.

Read and understand before you sign

Signing contracts is a common task, although not an easy one. Each service, loan, offer we use is based on a contract, and most of them are long, written in a complicated, industry-specific language that can be difficult to understand. Unfortunately, very often contracts are shown to us just before signing, when we don't have time to read them calmly or consult with someone close to us or a specialist. Dishonest sellers apply time pressure and make us decide here and now, otherwise we will miss an opportunity, special offer or other attractive sales conditions.

In addition, contracts are often written in small print, which further discourages us from reading them carefully. However, it is worth remembering that signing the document without reading it carefully and, most importantly, understanding it, can cost us dearly!

When signing a contract, we take on some obligation, usually financial and additionally long-term, which is why we should always apply the same rule: I don't sign until I fully understand the entire contract and all the rights and obligations that are associated with signing a given document.

Never sign documents hastily, especially succumbing to the pressure of the seller that promises you the moon! If this is the case, we can be sure that someone is trying to deceive us under the pretext of a special offer or an opportunity. In such a situation, it is better to resign from signing the contract because in most cases the special offer conditions will also be available in the following days.

If we don't understand the content of the contract ourselves, it is best to present it to a trusted person or consult with an advisor, for example at the Citizens Advice Bureau or the Municipal Consumer Rights Ombudsman.

Iron rules for signing contracts:

- Be sure to familiarise yourself with the content of the contract, if the content is incomprehensible, contact a relative, a lawyer with free or paid legal assistance or a consumer organisation to clarify the provisions that raise uncertainty
- Never sign a contract that you haven't received a copy of beforehand
- Don't act under time pressure
- If you make a commitment for several years, spend enough time to know what will happen, for example, when you want to terminate the contract before its end
- If you agreed the terms of the contract over the phone – check whether the terms of the contract are consistent with those agreed over the phone
- Always request your copy of the agreement and all attachments
- Be especially careful if the person who proposes the conclusion of the contract avoids giving the name of the entrepreneur, details of the offer or forces you to sign the contract quickly
- Don't just take their word for it, on the contrary – check and demand everything in writing
- Make sure you get a copy of each document with your signature
- Initial each page of the documents you sign

10.4 Product safety rules

Products that are placed on the European market must comply with EU harmonised legislation, national technical legislation or general safety requirements. This is to ensure the safety of use for consumers.

EU legislation covers provisions not only for newly manufactured products, but also for second-hand products imported from a third country when they are first placed on the EU market, with the exception of goods requiring repair or refurbishment before use, provided that the supplier clearly informs the recipient of this, as well as antiques.

However, before we get to the product safety regulations, let's find out when a product is considered to be placed on the market – that is, when is the moment when the regulations can be enforced.

What does it mean that the product has been placed on the market?

A product is considered to be placed on the market when it is made available on the market, for distribution, consumption or use as a result of a commercial activity.

When can a product be considered not to have been placed on the market?

Placement on the market is considered not to have taken place if the product:
- was created for personal use only,
- was purchased by consumers for personal use in third countries during their physical presence in that country,
- has been transferred from the manufacturer in a third country to an entrepreneur operating on the European market, in order to ensure the compliance of the product with EU harmonisation legislation,
- the product has been imported from a third country and is stored in a bonded warehouse or temporary storage warehouse,
- it is produced on the European market with the intention of being exported to a third country (without placing on the market in the EU), or the product is in transit,
- has been imported for testing or validation of prefabricated units, when they can be considered as still in the production phase,
- is presented or used in controlled conditions, e.g. demonstration shows at fairs, in the manufacturer's warehouse or in other conditions during the product presentation phase,

- is in the manufacturer's or importer's warehouse (authorised representative) and has not yet been made available on the market, for distribution, consumption, use or commercial activity.

Conformity assessment rules

The rules governing the safety of goods in the European Union fall into 2 categories:
1. Harmonised regulations – legal regulations common to the entire European market, i.e. in directives and regulations.
2. Non-harmonised regulations – those that are regulated by technical national regulations (supervised and monitored by the European Commission but remaining within the competence of a given country) or general regulations regarding product safety.

Harmonised Area

The harmonisation of regulations takes place in two ways:
- Old approach – assumes specific technical specifications that must be met by given categories of goods.
- New approach – does not assume a specific technical specification, but sets standards, the so-called essential requirements.

In the harmonised area, the legislation and standards to be met are strictly sector specific. In some sectors, the legislation contains detailed requirements for products that must be met, and in some sectors, EU law only sets out basic health, safety and environmental requirements. In this case, however, it does not indicate detailed technical solutions. The manufacturer is therefore free to choose how to ensure compliance with the requirements. In the harmonised area, standards are defined in separate directives for each category of products.

Most new approach directives stipulate that the product should be CE marked (Conformité Européenne). This marking means that the manufacturer declares that the product has been subjected to conformity assessment and that the result of this assessment is positive, i.e. that the product meets the essential requirements. CE marking can't be affixed to products for which harmonised rules don't exist.

11. Workshop syllabus

11.1 For trainers

In addition to ensuring that the educational materials and theory provided during the workshop are of the best quality possible, it is equally important in practice to give clear guidelines to trainers.

The following section will describe what the workshop objectives are, what the proposed activities are, what they consist of and what trainers have to do to lead a successful workshop. Most of the exercises can be also used during individual consultations with clients – persons at risk of social exclusion.

Trainer's skills:

– Have good planning, organizational and management skill
– Have very good communications skills, know how to broach taboo topics
– Express their skills in the use of teaching methods, techniques and resources
– Develop a spirit of analysis to classify ideas and structure them
– Demonstrate correct oral expression: simple, clear, precise, convincing attitude
– Ability to listen to others, tolerance and finding enjoyment in human relations
– Stable character, self-control, firmness, kindness and self-confidence, respect
– Experience in group work and creativity
– Adaptability, flexibility

11.2 Training goals

The following are the main goals to be achieved through the proposed activities:
– Developing teamwork and encouraging decision-making
– Creating a reflection on one's own consumerism and habits
– Encouraging a critical spirit
– Encouraging participants to be creative in carrying out the proposed activities
– Presenting real-life family finance cases as provided by participants
– Learning the art of negotiation
– Observing and challenging the most basic beliefs about our financial reality
– Paying attention to thoughts and emotions during role-playing games. Detecting the blocks that we may have in real life derived from them
– Encouraging specific and personal goals and encouraging them to be realised in real life

11.3 Module 1. Household budget

Goals of the workshop:

1. Raising participants' awareness of effective personal finance management through budgeting
2. Defining sources of income and expenses in the family or individual household budget
3. Breakdown of expenses into categories needed to run a household budget, especially with limited resources
4. Presentation of various forms of running a household budget, setting realistic financial goals
5. Raising participants' awareness of the importance of habits and behaviours in money management

Duration: 180 minutes

Methods of work: presentation, discussion, group work, individual work, exercises, brainstorming, case study, film, ice breaker, etc.

Materials and tools needed:

- Flip charts
- Screen, projector
- Printed exercises
- Blank sheets, notebooks and pens for participants

Workshop scenario

Duration and method of work	The purpose of this part of the workshop	Description	Materials and tools needed to carry out this activity
30 min.: Presentation, discussion	Welcome, integration of participants, introduction to the topic	Introduce yourself briefly and in such a way that participants know that you are the right person to lead the workshop. You can give a detail that connects you with the group (place of birth, upbringing, place of residence of grandparents/parents). Thank participants for coming, show appreciation for the fact that they are devoting their time to improve their knowledge and skills. Introduce participants to financial education in general and to the topic of this workshop. Encourage participants to actively participate in the workshop and list advantages of money management, especially in the situation of limited resources.	Agenda of the workshop written on the flipchart

30 min.: Individual work and discussion	Rising awareness of how our believes influence our thinking and actions	Follow the instructions for Exercise M1.1. Discuss the outcomes of the exercise with participants.	Printed or electronic copies of Exercise M1.1
30 min.: Individual work and discussion	Learning about household budget categories	Follow the instructions for Exercise M1.2. Discuss the outcomes of the exercise with participants.	Printed or electronic copies of Exercise M1.2
30 min.: Individual work and discussion	Rising awareness of regular verification of bank statements	Follow the instructions for Exercise M1.3. Discuss the outcomes of the exercise with participants.	Printed or electronic copies of Exercise M1.3
30 min.: Work in pairs and discussion	Presentation of seasonal expenditures	Follow the instructions for Exercise M1.4. Discuss the outcomes of the exercise with participants.	Printed or electronic copies of Exercise M1.4
30 min.: discussion	Workshop summary	Ask participants to indicate one most important thing they will remember from the workshop, also ask them to indicate what they will implement in life. Summarize the core content by indicating the most important issues: household budget, categories of income and expenses, methods of running a household budget. Ask them to complete the evaluation questionnaire indicating what other topics in the field of financial education would be of interest to them. As homework, ask participants to talk to at least two people, e.g. a neighbour, a relative, and pass on the knowledge from the workshop to them. Thank participants for active participation in the workshop and end the workshop. What is one habit or change you would like to make in your life, given the information you just learned?	

Exercise M1.1. The power of personal finance habits.

Read the story: “Cutting off the ends of the ham”

A young girl was watching her mother bake a ham for a family gathering and noticed her mom cutting off the ends before placing it in the oven.

"Mom, why do you cut the ends off before baking the ham?" she asked.
"Hmmm... I think it helps soak up the juices while it's baking. I'm not sure, though. That's just the way your grandma always did it, so I've just always cut them off. Why don't you call grandma and ask her?"

So, the little girl phoned her grandma and asked "Grandma, mom is making a ham and cut off the ends before placing it in the oven. She said that it's probably to help soak up the juices but wasn't sure. She said you'd know because she learned how to cook from you."

"That's true. I do cut off the ends of the ham before baking. But I'm not sure why either. I learned how to cook from my mom. You should ask her."

So, the inquisitive little girl called her great grandmother and asked "Great grandma, mom and grandma said they learned how to cook a ham from watching you. Do you cut off the ends of the ham to help it soak up the juices?"

The great grandmother chuckled. "Oh, no sweetie. I just never had a pan big enough to hold a whole ham, so I always had to cut off the ends to make it fit."

The story comes from the book "Rich or poor – just different mentally" – T. Harv Eker, which we recommend as additional material to read as part of our course.

After reading the story about the ham, answer the questions and write down the answers:
1. What do you think of the story you've read?
2. When managing the household budget, what behaviour did you take on from your parents?
3. What kind of financial activities do you do routinely, without thinking?
4. What do you plan to change in your finances after reading the story?

Exercise M1.2. Monthly expense tracking worksheet.

The aim of the exercise is to develop the habit of recording expenses and learn how to divide expenses into categories, which will then be included in the household budget. Write down all your expenses and come up with your category names to allocate your expenses to. Continue this exercise after the workshop for a month. After a month, you will have a ready list of your categories for your household budget.

Monthly expenses tracking form based on the book: “CATCH FIRE: How to Ignite Your Own Economy” written by Douglas Scott Nelson, which we recommend as additional material to read as part of our course.

Date	Purchase	Cost	Category	Need or Want
AMOUNT				

TOTAL expenses for things OTHER than food and housing	
TOTAL expenditure on necessary food and housing	

Exercise M1.3. Analysis of a bank statement.

The exercise can be summarized as “Look at your bank statement and you will know where your money is going”. In the world of financial education, there is also a saying: “Your bank statements collected into one book show the history of your financial life and why you are where you are.”

The aim of the exercise is to develop the habit of regularly checking your bank statement, raise the level of orientation in product prices and learn to determine whether a given purchase was a real need or just a temporary want.

Ask participants to log in to their banking app, if they do not use one, ask them to log in to their online banking at home. Ask them to analyse their bank statements from the last six months, put them on the table and start looking at them carefully, analysing their purchases. Prepare two pens: green and red.

Ask participants to circle the purchases that were needed and useful in green.

With a red pen, participants will circle the purchases that were compulsive and turned out to be unnecessary or they could do without them without losing the sense of comfort in life. If participants have no purchases circled in red, congratulate them on making only conscious purchases. Encourage them to keep up the good work.

If there are products circled in red, ask participants to think about what triggered the purchase impulse at that particular moment and encourage them to try and avoid it next time. Also summarize all the “red purchases”. What do participants think about the amount arrived at? What else can they afford on their budget?

Exercise M1.4. Seasonal household expenses.

The aim of the exercise is to prepare a list of seasonal household expenses.

In the table below, enter the seasonal expenses that apply to your household in a given month, this list will allow you to plan ahead for your seasonal expenses. Use the list when creating a household budget and plan seasonal expenses accordingly.

Examples of spending seasons: winter/spring/summer/autumn clothes, school trips, birthdays, religious holidays, family holidays, fuel.

SEASONALITY OF EXPENSES	
MONTH	EXPENDITURE
January	
February	
March	
April	
May	
June	
July	
August	
September	
October	
November	
December	

11.4 Module 2. Smart borrowing

Goals of the workshop:

1. Presentation of the basic issues related to reasonable borrowing of money and situations in which borrowing can and cannot be justified
2. Familiarizing participants with the differences between a credit and a loan
3. Presentation of risks of over-indebtedness
4. Raising participants' awareness of debt recovery strategies

Duration: 180 minutes

Methods of work: presentation, discussion, group work, individual work, exercises, brainstorming, case study, film, ice breaker, etc.

Materials and tools needed:

- Flip charts
- Screen, projector
- Printed exercises
- Blank sheets, notebooks and pens for participants

Workshop scenario

Duration and method of work	The purpose of this part of the workshop	Description	Materials and tools needed to carry out this activity
40 min.: Presentation, discussion	Welcome, integration of participants, introduction to the topic	Introduce yourself briefly and in such a way that participants know that you are the right person to lead the workshop. You can give a detail that connects you with the group (place of birth, upbringing, place of residence of grandparents/parents). Thank participants for coming, show appreciation for the fact that they are devoting their time to improve their knowledge and skills. Introduce participants to financial education in general and to the topic of this workshop. Encourage participants to actively participate in the workshop and list advantages of money management, especially in the situation of limited resources.	Agenda of the workshop written on the flipchart
30 min.: Work in small groups and discussion	Rising awareness of good and bad debt	Follow the instructions for Exercise M2.1. Discuss the outcomes of the exercise with participants.	Printed or electronic copies of Exercise M2.1

30 min.: Individual work and discussion	Learning about the issue of over-indebtedness	Follow the instructions for Exercise M2.2. Discuss the outcomes of the exercise with participants.	Printed or electronic copies of Exercise M2.2
40 min.: Individual work and discussion	Learning how to calculate debt ratio; Rising awareness of the danger of a debt loop	Follow the instructions for Exercise M2.3. Discuss the outcomes of the exercise with participants.	Printed or electronic copies of Exercise M2.3
40 min.: Discussion	Workshop summary	Ask participants to indicate one most important thing they will remember from the workshop, also ask them to indicate what they will implement in life. Summarize the core content by indicating the most important issues: household budget, categories of income and expenses, methods of running a household budget. Ask them to complete the evaluation questionnaire indicating what other topics in the field of financial education would be of interest to them. As homework, ask participants to talk to at least two people, e.g. a neighbour, a relative, and pass on the knowledge from the workshop to them. Thank participants for active participation in the workshop and end the workshop. What is one habit or change you would like to make in your life, given the information you just learned?	

Exercise M2.1

Analyse the following list of situations in which people may borrow money. Which of them are legitimate and which are not? Ask participants to divide the types of debt into "good" and "bad" categories. Discuss in groups and present the results.

- Flat/apartment, house
- Starting your own company
- Education of children
- Home renovation
- House heating
- New electrical installation
- Replacing the furnace with a new one
- Christmas holidays
- Graduation gift for granddaughter
- A new car
- Investments in silver
- Car sound equipment
- A look that you liked very much on a friend
- Shares

- Gambling
- An investment proposed by a newly met friend
- Holidays abroad
- Treatment
- Repayment of your loan
- Sport equipment
- Magic cooking device (15 functions in 1)
- Bedding at a presentation
- Weekend trip to the mountains

Exercise M2.2. When compulsive shopping becomes reason for over-indebtedness.

Ask participants to write down answers to the questions below using the proposed terms:

Rarely, Occasionally, Frequently, Very often, Always, Never.

Ask participants how they feel about the questions, let them decide if they want to talk about their answers or leave it for them to evaluate.

1. How often do you feel the need to go shopping, even if you don't need anything and don't have any money to spend in the given month?
2. How often do you go shopping, instead of socializing with friends or family?
3. How often do you feel regret, guilt or anger after a shopping session?
4. How often do you return from shopping, hiding what you have bought, to avoid arguments?
5. How often do you lie to your family or friends in order to minimize the extent of your shopping habit?
6. How often do you borrow money to make purchases or use credit cards to fill them up during shopping sessions?
7. How often do you find yourself shopping longer than you had planned?
8. How often does your family complain that you are spending too much money or time shopping?
9. How often do you go shopping to escape from problems, troubled relationships or loneliness?
10. How often do you go shopping to relieve stress, depression or boredom?
11. How often do you have difficulty sleeping related to recurring thoughts about what to buy the next day?
12. How often do you shop until you spend the last euro?
13. How often do you have family discussions related to your shopping habits?

14. How often have you stolen to finance your shopping habits?
15. How often have you felt very depressed and embarrassed after a shopping session?
16. How often have you bought things you don't need and then felt guilty?
17. How often do you get depressed and worried about your shopping habits?
18. How often have you used family spending money for your own purchases?
19. How often have you heard others say that they distrust you because of your shopping habits?
20. How often do you try to stop going shopping and never succeed?

Exercise M2.3. Learn how to calculate the current debt ratio.

Ask participants to work in pairs or individually (for reasons of discretion) and ask them to calculate:
– Their total monthly income. In doing so, they will include all sources of income.
– They will calculate their monthly expenses and regular debt they pay.
– Calculate their level of indebtedness.

Evaluation:
After the calculation of the debt ratio:
– Participants will discuss the concept and its importance in an open dialogue.
– Brainstorming will take place in order to assess which expenses and debt can be eliminated or at least reduced.
– Objectives will be set in order to leave the course with an improvement plan.

11.5 Module 3. Saving in practice

Goals of the workshop:
1. Presentation of the basic issues related to saving
2. Familiarizing participants with financial tools for saving
3. Presentation of the psychological aspects of saving
4. Raising participants' awareness of ways to save

Duration: 180 minutes

Methods of work: presentation, discussion, group work, individual work, exercises, brainstorming, case study, film, ice breaker, etc.

Materials and tools needed:

- Flip charts
- Screen, projector
- Printed exercises
- Blank sheets, notebooks and pens for participants

Workshop scenario

Duration and method of work	The purpose of this part of the workshop	Description	Materials and tools needed to carry out this activity
40 min.: Presentation, discussion	Welcome, integration of participants, introduction to the topic	Introduce yourself briefly and in such a way that participants know that you are the right person to lead the workshop. You can give a detail that connects you with the group (place of birth, upbringing, place of residence of grandparents/parents). Thank participants for coming, show appreciation for the fact that they are devoting their time to improve their knowledge and skills. Introduce participants to financial education in general and to the topic of this workshop. Encourage participants to actively participate in the workshop and list advantages of money management, especially in the situation of limited resources.	Agenda of the workshop written on the flipchart
30 min.: Work in small groups and discussion	Rising awareness of saving behaviours	Follow the instructions for Exercise M3.1. Discuss the outcomes of the exercise with participants.	Printed or electronic copies of Exercise M3.1
30 min.: Individual work and discussion	Learning about ways to save on different types of expenses	Follow the instructions for the Exercise M3.2. Discuss the outcomes of the exercise with participants.	Printed or electronic copies of Exercise M3.2
40 min.: Individual work and discussion	Learning about reasons to save	Follow the instructions for Exercise M3.3. Discuss the outcomes of the exercise with participants.	Printed or electronic copies of Exercise M3.3
40 min.: discussion	Workshop summary	Ask participants to indicate one most important thing they will remember from the workshop, also ask them to indicate what they will implement in life. Summarize the core content by indicating the most important issues: household budget, categories of income and expenses, methods of running a household budget. Ask them to complete the evaluation questionnaire indicating what other topics in the field of financial education would be of interest to them. As homework, ask participants to talk to at least two people, e.g. a neighbour, a relative, and pass on the knowledge from the workshop to them. Thank participants for active participation in the workshop and end the workshop. What is one habit or change you would like to make in your life, given the information you just learned?	

Exercise M3.1. Ants eat the cake.

In this activity, the aim is to draw up a poster indicating what the “ants” are, i.e. the expenses that are reducing our money during the month. Initially, this activity is designed to be carried out in groups, although it can also be done individually.

Participants will be asked to indicate the following topics on their poster:
– Product or activity
– Input
– Context
– Degree of difficulty in removing it
– Purpose

Exercise M3.2. Getting to know my electricity bill.

At least one computer and a projector will be needed to display the bills. An educational illustration can be created using Canva, explaining the key concepts. Some real electricity bills, preferably from several different companies, will also be needed. Participants will be asked to bring their electricity bills from home, if they wish, to make the activity as real as possible.

Tips on how to save on your electricity bill:

At first, saving energy may seem complicated, but over time you’ll see that it’s just a matter of putting it into practice. We want to encourage energy savings through a series of tips.

- Unplug everything you can
  Understanding how to save energy at home with tips starts with avoiding all the things you do wrong on a daily basis, such as always leaving some devices or elements plugged in. There is always a minimum amount of energy that is lost while the cable is plugged into the socket (phantom consumption).

- Optimise the contracted power
  It has been demonstrated that in Spain a large number of users have contracted an electrical power that is higher than the optimum for their needs.

- Wash with cooler water
  Heating water necessarily involves electricity consumption to raise the temperature. By

washing with cooler water, you eliminate this energy cost directly, without changing the result for your clothes.

- Optimise the use of electrical appliances
  Today's household appliances have specific programmes to save energy during operation.

- Use appliances wisely
  One of the biggest tips for saving energy at home is to use electrical appliances intelligently. Opt for ECO programmes and use them during the off-peak hours of your time discriminating tariff.

- Turn off the lights
  It seems like a very obvious tip, but we always have more lights on than we need at home, which can account for 20% of a home's electricity consumption.

- Replace traditional light bulbs with LEDs
  You may not have thought of replacing your light bulbs as an idea to save electricity at home. However, LED bulbs are a great alternative for saving energy and money.

- Adjust your heating costs
  Another way to save energy at home is to adjust your heating costs, something that consumes a lot of energy during the winter. Avoid covering radiators. The radiator radiates heat, which heats the air and heats the house. If you cover the radiators, they will need to generate more heat to heat the house and you will spend more on heating.

- Use carpets and curtains
  Heat and cold are transmitted through windows and floors, so using rugs and curtains will be effective in eliminating cold spots. Surprisingly, this tip can save you 20% on your electricity bill.

- Don't heat the house when it is empty
  We all like to come home to a good temperature but be careful not to waste too much. The recommendation is to set the heating 20 minutes before you arrive.

- Don't take long showers
  We all like to take half-hour showers, but if you want to save hundreds of euros a year, start reducing the time.

Exercise M3.3

“To make a budget is telling your money where to go, instead of wondering where it went.” John Maxwell said it first and said it best. If you want to take control of your cash, there’s only one answer: Make a budget and start saving.

Can you list 5 reasons why you should try to minimize spending and maximize saving?

1.

2.

3.

4.

5.

11.5 Module 4. Safe finances on the Internet

Goals of the workshop:
1. Presentation of ways to safely use financial products on the Internet
2. Providing practical ways to protect your personal data and passwords on the Internet
3. Presentation of typical traps set by scammers on the Internet or by phone
4. Familiarizing participants with the basic principles of safe online shopping

Duration: 180 minutes

Methods of work: presentation, discussion, group work, individual work, exercises, brainstorming, case study, film, ice breaker, etc.

Materials and tools needed:
- Flip charts
- Screen, projector
- Printed exercises
- Blank sheets, notebooks and pens for participants

Workshop scenario

Duration and method of work	The purpose of this part of the workshop	Description	Materials and tools needed to carry out this activity
40 min.: Presentation, discussion	Welcome, integration of participants, introduction to the topic	Introduce yourself briefly and in such a way that participants know that you are the right person to lead the workshop. You can give a detail that connects you with the group (place of birth, upbringing, place of residence of grandparents/parents). Thank participants for coming, show appreciation for the fact that they are devoting their time to improve their knowledge and skills. Introduce participants to financial education in general and to the topic of this workshop. Encourage participants to actively participate in the workshop and list advantages of money management, especially in the situation of limited resources.	Agenda of the workshop written on the flipchart
30 min.: Work in small groups and discussion	Rising awareness of save ways to use financial products on the Internet	Follow the instructions for Exercise M4.1. Discuss the outcomes of the exercise with participants.	Printed or electronic copies of Exercise M4.1
30 min.: Work in pairs and discussion	Learning about safe ways to shop online	Follow the instructions for Exercise M4.2. Discuss the outcomes of the exercise with participants.	Printed or electronic copies of Exercise M4.2
40 min.: Individual work and discussion	Rising awareness of rules of save internet use	Follow the instructions for Exercise M4.3 Discuss the outcomes of the exercise with participants.	Printed or electronic copies of Exercise M4.3
40 min.: Discussion	Workshop summary	Ask participants to indicate one most important thing they will remember from the workshop, also ask them to indicate what they will implement in life. Summarize the core content by indicating the most important issues: household budget, categories of income and expenses, methods of running a household budget. Ask them to complete the evaluation questionnaire indicating what other topics in the field of financial education would be of interest to them. As homework, ask participants to talk to at least two people, e.g. a neighbour, a relative, and pass on the knowledge from the workshop to them. Thank participants for active participation in the workshop and end the workshop. What is one habit or change you would like to make in your life, given the information you just learned?	

Exercise M4.1

Invite participants to discussion. Ask participants to consider whether they use e-banking safely, whether they change their passwords regularly, and whether their passwords are strong enough. Restrict them from sharing password information on the group forum. Ask them to change the password at home to a strong enough one.

Exercise M4.2

Divide participants into teams of two. The task for each of pair is to make online purchases: searching for the best offer, reading the store's terms and conditions, checking the credibility of the seller and opinions about the store. Tell each team the product they want to search for, e.g. sports shoes, kitchen table, slow cooker, garden trampoline, backpack. Finish the exercise when participants have reached the "Complete order" point.

Exercise M4.3

Ask participants to specify the path to report a phishing attempt. Where can they report a violation online?

11.6 Module 5. Consumer rights

Goals of the workshop:

1. Presentation of basic concepts related to consumer rights
2. Familiarizing participants with the deadlines and methods of withdrawing from a distance contract
3. Presenting participants with ways to complain about goods and services
4. Raising participants' awareness of concluding and signing contracts

Duration: 180 minutes

Methods of work: presentation, discussion, group work, individual work, exercises, brainstorming, case study, film, ice breaker, etc.

Materials and tools needed:

- Flip charts
- Screen, projector

- Printed exercises
- Blank sheets, notebooks and pens for participants

Workshop scenario

Duration and method of work	The purpose of this part of the workshop	Description	Materials and tools needed to carry out this activity
40 min.: Presentation, discussion	Welcome, integration of participants, introduction to the topic	Introduce yourself briefly and in such a way that participants know that you are the right person to lead the workshop. You can give a detail that connects you with the group (place of birth, upbringing, place of residence of grandparents/parents). Thank participants for coming, show appreciation for the fact that they are devoting their time to improve their knowledge and skills. Introduce participants to financial education in general and to the topic of this workshop. Encourage participants to actively participate in the workshop and list advantages of money management, especially in the situation of limited resources.	Agenda of the workshop written on the flipchart
30 min.: Work in small groups and discussion	Rising awareness of consumer rights	Follow the instructions for Exercise M5.1. Discuss the outcomes of the exercise with participants.	Printed or electronic copies of Exercise M5.1
40 min.: Individual work and discussion	Learning about the difference between a warranty and a complaint	Follow the instructions for Exercise M5.2. Discuss the outcomes of the exercise with participants.	Printed or electronic copies of Exercise M5.2
30 min.: Individual work and discussion	Learning about institutions supporting consumers	Follow the instructions for Exercise M5.3. Discuss the outcomes of the exercise with participants.	Printed or electronic copies of Exercise M5.3
40 min.: Discussion	Workshop summary	Ask participants to indicate one most important thing they will remember from the workshop, also ask them to indicate what they will implement in life. Summarize the core content by indicating the most important issues: household budget, categories of income and expenses, methods of running a household budget. Ask them to complete the evaluation questionnaire indicating what other topics in the field of financial education would be of interest to them. As homework, ask participants to talk to at least two people, e.g. a neighbour, a relative, and pass on the knowledge from the workshop to them. Thank participants for active participation in the workshop and end the workshop. What is one habit or change you would like to make in your life, given the information you just learned?	

Exercise M5.1

Discuss the following questions with the group:

1. How long is the complaint period for a product for non-compliance with the contract?
2. What is the time limit for withdrawing from a distance contract?
3. I noticed a defect in my product. How much time do I have from this moment to file a complaint?
4. How much time does the company have to inform me whether the complaint will be considered positively or negatively?
5. What is the difference between a manufacturer's warranty and a claim for non-conformity with the contract?
6. Who will help me in claim disputes?
7. What institutions in Poland protect and support the consumer?
8. Is it possible to make a complaint without a receipt? Give examples.

Exercise M5.2

Ask participants to take part in the exercise described below.
The task is:
– development of a plan (a list of actions taken in the correct order) following the seller's complaint procedure in the presented situation,
– staging a conversation between the customer submitting the complaint and the seller (remember to use the technique of responding to allegations!),
– filling out the complaint form.

Description of the situation

A client of a shoe store wants to file a complaint relating to a pair of shoes – elegant pumps, which she bought a month before. The client is very nervous because despite the relatively high price of the shoes – PLN 220, they have a defective internal finish, the inserts are uncomfortable, irritate the foot and cause the tights to tear at the heels. The client is a person in her 50s, emotional, for whom this expense was significant, she emphasizes.

She, at the time of filing the complaint, expresses her disappointment as to the quality of the footwear and anger caused by the fact that the purchase of the pumps was made for a special occasion and the need to return the shoes and now wait for an appraiser's expertise for up to two weeks, and then a response and possible settlement is completely unacceptable to her.

To perform the exercise, you should:

1. invite a colleague to cooperate in performing the exercise,
2. read the training material,
3. organize a common workstation to perform the exercise,
4. follow the instructions contained in the exercise,
5. draw up an algorithm of the seller's procedure related to the acceptance of the complaint,
6. stage, together with your colleague, a complaint conversation between the seller and the client,
7. complete the complaint form,
8. present the completed exercise in front of the class.

Exercise M5.3. Consumer rights support institutions.

Ask participants whether they know where they can get free consumer and legal advice in their area?

Ask participants to find where the local Municipal Consumer Rights Ombudsman in their town or district is located.