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Wealthy Minds

EDUCATIONAL SET

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Wealthy Minds

The Wealthy Minds project aims to increase knowledge, awareness and change attitudes about personal finance management among girls and young women who are socially excluded due to inherited poverty or the threat of poverty. This change will be initiated through the Wealthy Minds educational kit, with this e-learning course designed to help workers and volunteers of non-governmental organizations and institutions working with this group.

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Analyzes, conclusions from transnational research, a collection of good practice and a list of organizations or associations that can collaborate and implement projects together are available at the link: https://online.fiiw.pl/wp-content/uploads/2024/05/fiw_raport_wealthy_minds_en.pdf

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Introduction

Welcome to the Wealthy Minds online course!

“The Wealthy Minds project partners are excited to share the e-learning course with you as a current or future

. nancial educator and hope that you will find these materials useful in learning and sharing practical financial education knowledge with your organisation's clients - **girls and young women!**

These materials combine Polish, Italian and Greek experiences on teaching financial education, applying various learning activities and experiences undertaken in the three partner countries for financial educators, girls and young women.

About Financial education

Financial education is learning how to manage your personal finances. Financial education is particularly important in today's complex, fast-changing and increasingly digitalized financial world, which encompasses a wide range of financial products and concepts.

Understanding the complexities of finance can be particularly difficult if you come from a poor background where financial literacy was not a priority, but rather poverty and lack of education.

Sound personal financial management is a vital skill for everyone in the fast-changing financial world, so we felt it was even more important to take the subject to those who need it even more.

The financial decisions girls and young women make today can not only affect their lives now, but also have a long-term impact on their future. The earlier people start learning about money, spending, saving and

planning, the more likely they are to be set up for . nancial success in the future.

About the Online Course

These materials were created to strengthen workers and volunteers of non-governmental organization and institutions with knowledge and awareness of financial education and to encourage them later transfer it to their clients- girls and young women who are the risk of poverty.

The "Wealthy Minds" educational kit is an online course designed to enable self-
-education and training of employees and volunteers of non-governmental organization and institutions, thus equipping them with new knowledge and practical skills in this field. Thanks to the "Wealthy Minds!" educational kit employees and volunteers will have the opportunity to broaden their professional qualifications and increase the scope of assistance provided to their clients.

The educational package offers two forms of education: materials for self-education and a template and materials for those wishing to conduct workshops in a group. The educational kit is divided into individual training modules. Each of the modules contains a brief description of the issue, definitions, results that the participant will achieve, activates and educational tools. The modules can be used as a whole and implemented one module after the other, or each module can constitute an individual workshop.

The online course divides in to 5 modules:

1. Psychology of money
2. Financial planning and setting financial goals

3. Management of personal budget
4. Savings
5. Digital finance

About the project

The project results of "Wealthy Minds" developed in the four phases will increase knowledge, awareness and change attitudes related to personal finance management among girls and young women at risk of social exclusion due to the inheritance of poverty. This change will be initiated by developing the educational kit "Wealthy Minds" and testing training aiming at helping non-governmental organizations working with girls and young women. Additionally, it will aim to:

- increasing knowledge, awareness and changing attitudes among NGO beneficiaries
- increasing the potential of nongovernmental organizations and their assistance offer for girls and young women at risk of marginalization
- activities disseminating the results of the project and promoting its idea. T

The project focuses in particular on the priority of social inclusion because by providing non-governmental organizations (NGOs) with an innovative educational kit "Wealthy Minds" in the field of financial education, the knowledge will be transferred to girls and young women at risk of social exclusion who use the services of NGOs. Financial education is an indispensable key competence that significantly affects the standard of living of every human being. The level of knowledge and awareness of financial choices is often a decisive factor influencing social and economic exclusion. The ability to manage personal finances is linked to improving

math and digital skills as well as other key competencies. The non-governmental sector most e. ectively reaches young people who, for various reasons, require support in basic areas of life. Youth from pathological or marginalized environments most need support in the area of key competencies, which are knowledge and appropriate financial habits. The project will significantly increase the potential of non-governmental organizations and their associates who work with girls and young women at risk of social exclusion on a daily basis.

The project partnership

The project partnership

The project partnership is committed to advocating for, promoting and facilitating financial education for individuals, organizations and communities.

Foundation Innovation and Knowledge is Poland based organization established in 2012 to deliver social change, tackle professional inactivity and inequality and increase financial resilience of disadvantages clients groups.

The Foundation works nationally, internationally and globally through projects and programs aimed at supporting entrepreneurship development, social and professional activation, innovation in education and life-long learning and promotion of financial education. Our goals are achieved by promoting knowledge and innovation, entrepreneurial attitudes and creating innovative solutions in areas that support social mobility.

https://fiiw.pl/en/

Cesie CESIE is a European Centre of Studies and Initiatives, centre for the development of cultural, recreational, social, educational, economical, research initiatives, without lucrative purposes. CESIE contributes, through the active participation of people, civic society and institutions, towards the promotion of growth and development, always valuing diversity.

https://cesie.org/en/

KMOP, founded in 1977, is one of the oldest civil society organizations in Greece, with extensive experience in direct provision of social services and implementation of social initiatives. Over the last years, the organization has established an international presence, and is now active in 7 countries, and operating permanent o. ices in Athens, Thessaloniki, Brussels and Skopje.

KMOP is dedicated to making a positive social impact through research and innovative initiatives that address critical social issues, inform public debate and help shape policy, nationally and internationally.

h. ps://www.kmop.gr/

PROM The Polish Council of Youth Organisations is a forum for cooperation between NGOs whose members are young Poles.

https://prom.info.pl/

For the trainers/financial educators

For the trainers/. nancial educators

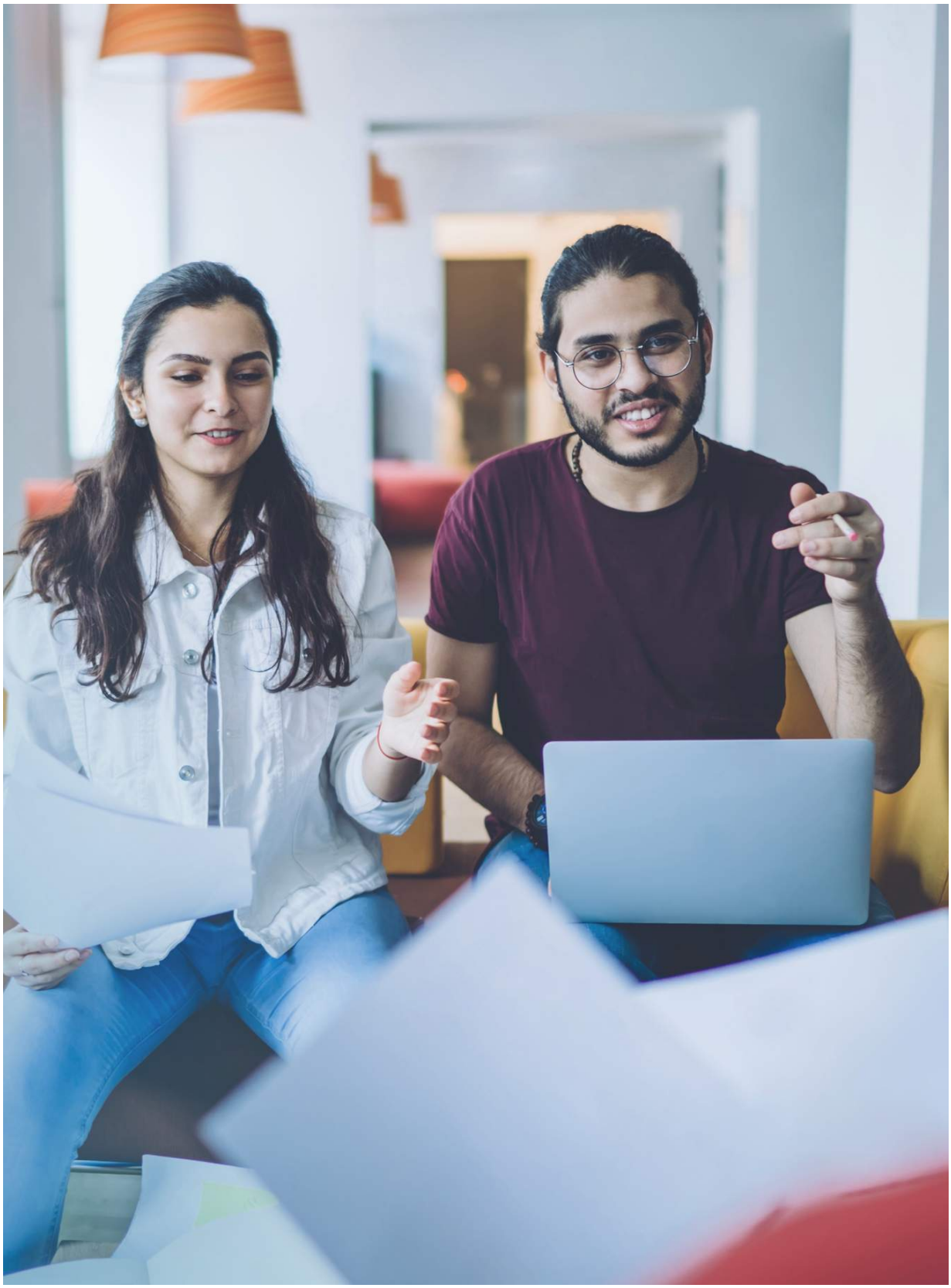
Congratulations on the decision of conducting financial education workshops/consultations.

Conducting a financial education workshop and individual or group consultations can be a very fulfilling, while at the same time causing stress to the trainer. The most encouraging is when the workshop participant starts to make informed financial decisions and his/her life is improved.

The trainer/financial educator meets participants at various moments in their lives, often financially difficult, and must very skillfully, 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!

Financial educators' skills:

- Good planning, organizational and management skill
- 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



Please start by familiarizing yourself with the "Wealthy Minds" online course. Go through it slowly as a participant module by module, do all the activities, read the additional materials. 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.

Running workshop/consultations

The first step is to gather information about the participants and assess their needs and expectations from their participation in the consultation/training sessions. More specifically, the trainer should become informed about the level of financial literacy of the participants and what knowledge and skills they aspire to have obtained at the end of the intervention. Depending on the profile of the participants, the trainer should be prepared to adapt the workshop proposed.

Planning and preparation

Furthermore, planning and preparation allows trainers to ensure that they have a full grasp of the material they are covering during the course. Having this depth of knowledge will inspire confidence from the participants. This phase also means understanding the flow of the program and activities planned for the course. More specifically, pose yourself the following questions:

- Do you have enough time to cover all the material?
- Will the material as presented be in a logical sequence for learners and are there appropriate transitions between section material?

- Do you know when you will take breaks?
- Are activities timed in such a way to keep learners engaged and get them up and moving to avoid an afternoon slump?
- Additionally, planning and preparation include the logistical elements of the training course: classroom setup, food and beverages, additional space if you need it for break-out activities. For online courses, consider breakout rooms, whether job aids are needed for participants with respect the technology that will be used, and accessibility, such as having instructions closed-captioned.

Facilitating the training

It is also important to facilitate the training for the participants.

Will learners understand your stories and references? If some participants are not native speakers of the language in which you're delivering the training, they may not relate to the content you're using to make your point. Can you manage a participant who doesn't want to learn and is disruptive of the learning of others?

Will learners enjoy small team activities? Is self-reflection a better activity to utilize? Are you facilitating in a hybrid environment where some people are in a classroom and others are online? You want learners engaged and energized as well as understanding the content you're covering.

Evaluating

Last but not least, at the end the trainer will have to evaluate whether the training was successful or no. This goes back to the initial assessment phase where you outlined what are the

needs and expectations of the participants.

What data or insights do you need to collect to determine if you have achieved it?

Trainers can bene. t from creating a written plan for their training course, which they can check and review during the event.

Good luck and enjoy!

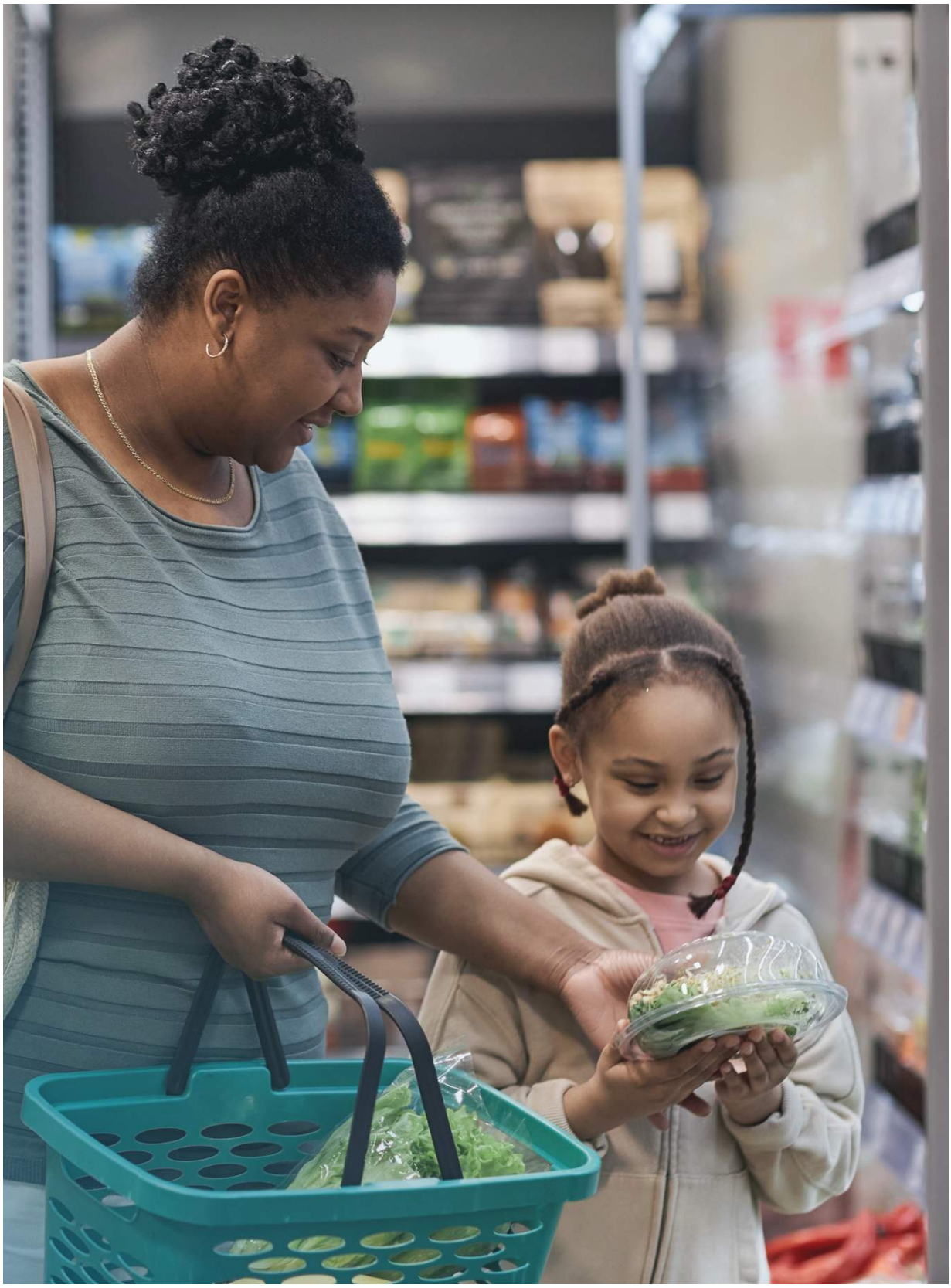
MODULE 1: PSYCHOLOGY OF MONEY

Section 2 of 47

Introduction

"Psychology of Money" is the **first module** in the educational kit that **introduces you to the course and explains the psychological and emotional aspects of taking financial decisions**.

- **factors that influence** the . nancial behaviour of individuals (for example, emotions),
- why we should **make decisions based on our needs and priorities.**
- why we should take into account the **factor of time** when making a financial choice,
- established money beliefs based on our characteristics and experience,
- **benefits and disadvantages of having money**, and the difference between being rich and being wealthy,
- financial behaviour from a **gender perspective** (women's vs. men's financial behaviours).



Financial independence protects girls and young women from falling into poverty. Especially women belonging to vulnerable groups, NEETs, single mothers, and, more generally, families living on welfare benefits may be significantly affected by the risk factors contributing to poverty.

Moreover, the COVID-19 pandemic has amplified the challenges of women with children who were already suffering from severe labour market exclusion.

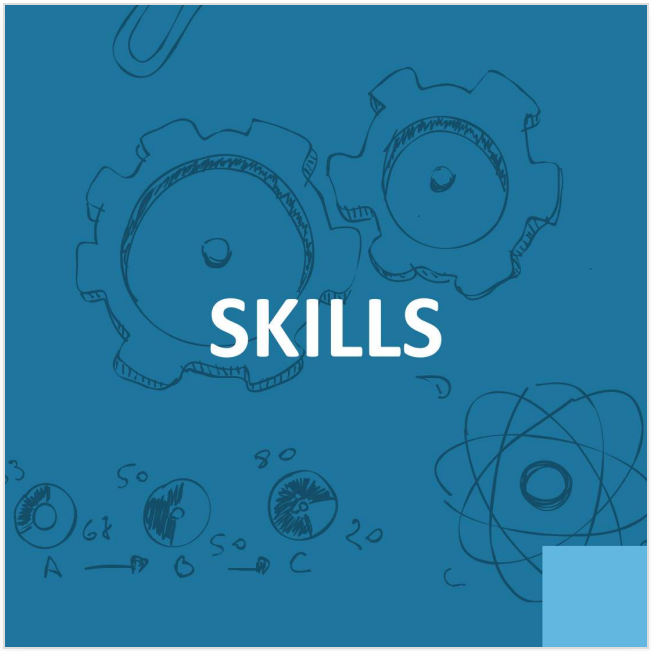
Given the risks of falling below the poverty line, the complexity of the mechanisms that regulate finance, and the increasing digitisation of the economy, proper financial education is becoming increasingly essential to empower new generations of girls and young women to make the best decisions for their future.

Learning Outcomes

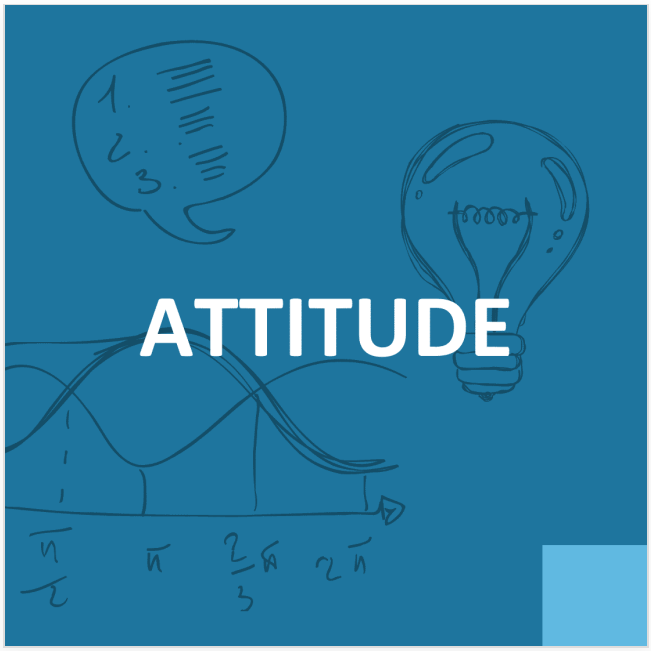
Learning outcomes

By the completion of this module, **you, as a trainer working with girls and young women,** will be able to:

Explain the terms: Financial Literacy and Financial Behaviour.
Elaborate on the psychological factors that may affect financial decisions.



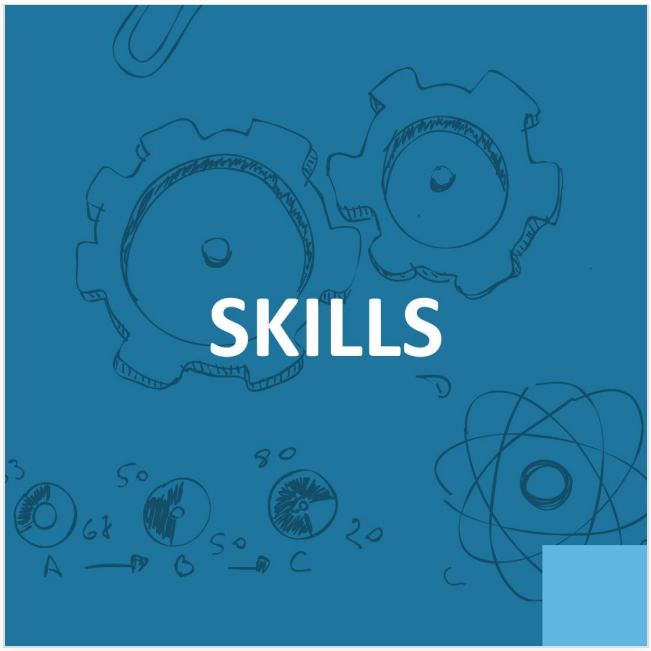
Understand the connection between childhood financial experiences and financial decisions and offer solutions to change negative money beliefs.



Understand that emotions and underlying money beliefs can influence financial decisions.

Your **goal** is **for the participants of your workshops or consultations** to be able to:

Explain the terms: Financial Literacy and Financial Behaviour.
Understand what Money Beliefs are.



Understand the connection between childhood financial experiences and financial decisions.

Understand the importance of psychology in day-to-day financial management.
Be determined to change any negative money belief.

Behaviour towards money and financial products

Behaviour towards money and . nancial products

"Financial behaviour is related to financial decision-making and money management, such as making and controlling a budget plan, quickly paying bills, and regular saving.

Financial behaviour is considered to be an important factor, affecting together with financial education and financial attitude, the financial literacy of the individual."

- Rai, Dua, & Yadav, 2019

Emotions in finance

Does our mood affect financial decisions?

Behavioural finance, a subfield of behavioural economics, proposes that **psychological influences and biases** affect individuals' financial behaviours.

Mental accounting

The propensity for people to **allocate money for specific purposes**. Mental accounting can include saving money for a specific purpose e.g. education, vacation; setting money aside for bills; treating unexpected money (bonus, tax return) differently from regular income; and allocating money to different debts or investments.

Herd behaviour

People tend to follow the financial behaviours of the majority of the herd. Herding is notorious in the stock market as the reason behind dramatic rallies and sell-offs.
Some examples of herd behaviour in financial decision-making, besides stock market investing, **including investing in real estate or the cryptocurrency market because of its popularity**. Social media are also known to create herd behaviour, where people tend to follow the marketing recommendations, financial decisions and advice of influencers or their social network without doing their research or analysis.

Emotional gap

Decision-making based on extreme emotions or emotional strains such as anxiety, anger, fear, or excitement.
Emotions can explain why people do not make rational decisions. Emotional gap can be observed in actions such **panic selling or buying due to fear or excitement**, "retail/shopping therapy" so as to balance emotions of sadness, **impulse purchasing led by excitement or joy, and procrastination, namely delaying making a financial decision** due to fear or anxiety.

Anchoring

Attaching a spending level to a certain reference.
Examples may include spending **consistently based on a budget level, rationalizing spending based on different satisfaction utilities, setting financial goals** and using them as a reference point, and limiting monthly spending to a certain amount.

Self-attribution

The tendency to make choices based on **overconfidence in one's own knowledge or skill**. Individuals tend to rank their knowledge higher than others, even when objectively, it is not.

Examples may include **making bad debt management decisions**, namely taking on more debt or making risky investments with **borrowed money**; and making poor insurance coverage or retirement planning decisions.

"Our relationship with money and more specifically, with our personal finances is characterized by the complexity of data points, challenges, and opportunities we interact with and have feelings about.

Our decisions about money impact our financial situation and these decisions affect subsequently our feelings and future behaviours. This relationship is not stable but evolves over time."

- Gourguechon, 2019

Do you know that…

...various academic research studies have reported that **women experience higher levels of negative feelings** (worry, stress, depression) than men for various types of financial, monetary, and investment decisions?

This can be explained by the link between **gender and childhood development**.

Several research studies have documented that **girls worry to a greater degree than boys during different phases of their educational years**. Girls grow up believing to be less talented than boys in mathematics and tend to experience "math anxiety" during their childhood; thus, they are more likely to fear investing or reasonable money management practices during adulthood.

- Ricciardi, 2011

What strategies should we utilize to improve the financial decision-making of women experiencing negative emotions?

Providing girls and young women with financial education opportunities to increase their financial literacy and become

more financially knowledgeable, can lead to less negative emotions during financial decision-making.

Providing access to financial resources, such as financial counselling or assistance with budgeting, can help alleviate negative emotions and improve financial decision-making.

Reducing the stigma around negative emotions and promoting emotional support can help girls and young women better cope with these emotions and make more rational financial decisions

Why comparing your finances to others doesn't make sense?

Fear of missing out (FOMO) is a documented phenomenon that leads young adults to **make constant comparisons between their lives and others.**

This can have a negative impact on their . nancial situation since **they may spend more than they can a. ord, and they do not economize**. In addition, others can be making the wrong choices or have different priorities and aspirations. Comparing your finances to others may lead to taking life-changing decisions based on financial and only criteria.

"Maybe you wanted to make big money like your friends in a high-paying sector, so you get a job just like theirs. You may be making a lot of money, but if your dream was to become a teacher, **will you ever be happy?**"

"Perhaps your dream is to be a doctor, but you don't want to trade your weekend trips with friends for tuition bills and all-night study sessions"

“The ability to buy and do the same things as your friends rarely brings the same satisfaction as following your own goals and priorities. In fact, having a career that is meaningful to you **improves personal empowerment and fulfillment, and decreases stress. Besides, everyone has different priorities.**”

“You may make the same salary as one of your friends, but have a goal of paying off your student loan in three years or saving for a down payment on a house, while others do not have the same obligations or aspirations. Your goals and thus your financial planning doesn’t have to be the same as your friends.”

- **Businessinsider, 2016**

The importance of the factor of time in financial decision-making

Time plays a crucial role in financial decision-making. Whether it is about a small purchase or a major investment, taking the time to **analyse our options and make an informed decision** is critical to achieving our financial goals.

Emotions can cloud our judgment, leading us to make impulsive decisions that may have negative long-term consequences. This is why it's essential to take a step back and assess the situation objectively, considering all the factors at play.

Individuals who take time to consider different options before making a decision **are more likely to make better financial choices.**

See example →

For example, **delaying a purchase for just one day can lead to more thoughtful and deliberate decisions**; taking time can help individuals avoid making impulsive purchases and reduce the likelihood of buyer's remorse. Emotions play an important role in this context. Events associated with positive and arousing emotions, such as excitement, lead to **riskier choices**, while those associated with negative and arousing emotions, such as anxiety lead to more **risk-averse choices** (Kuhnen et al. 2011). Taking time to reflect on your goals, risk tolerance, and investment options can help you make more rational decisions that are less influenced by emotions.

TIME VALUE OF MONEY (TVM)

Time Value of Money (TVM) is a core principle of finance allowing individuals to make more informed decisions about what to do with their money.

It expresses the possibility that **a sum of money may be worth more now than the same sum will be at a future date due to its earnings potential in the interim.**

A sum of money in the hand has greater value than the same sum to be received in the future. The time value of money is also referred to as the Present Discounted Value (Investopedia,n.d.). **The TVM can help you understand which option may be best based on interest, inflation, risk and return.**

Money can increase in value over time

Because money deposited or invested can earn more money over time, **time can allow the value of money to increase.**
Investors prefer to receive money today rather than the same amount of money in the future because a sum of money, once invested, grows over time. Time also has the effect of eroding the purchasing value of money through inflation (Investopedia, n.d).

Opportunity cost is key to the concept of the time value of money

Opportunity cost expresses the potential benefits that an individual, investor, or business misses out on when choosing one alternative over another.
Money can grow only if it is invested over time and earns a positive return. Money that is not invested loses value over time. Therefore, a sum of money that is expected to be paid in the future, no matter how confidently it is expected, is losing value in the meantime (Investopedia, n.d.).

TVM Formula

$$FV = PV\left(1 + \frac{i}{n}\right)^{n \times t}$$

where:

FV = Future value of money

PV = Present value of money

i = Interest rate

n = Number of compounding periods per year

t = Number of years

The most fundamental formula for the Time Value of Money takes into account the following: the future value of money, the present value of money, the interest rate, the number of compounding periods per year, and the number of years (Investopedia, n.d.).

Time is a critical factor in nancial decision-making

Taking the time to analyse your options, reflect on your goals, and avoid acting on emotions can help you make better choices and achieve your financial objectives. By doing so, you'll be better positioned to ride out market fluctuations, benefit from the long-term growth potential of your investments, and make purchases that align with your long-term financial goals.

Established beliefs about money

Established beliefs about money

"Money beliefs can be categorized as descriptive or existential money beliefs (rich people are vulgar) and as evaluative or prescriptive money value beliefs (spend and enjoy now)"

- Prince, 1993

One of the most widely cited measures of money beliefs is **Yamauchi and Templer's (1982) Money A. itude Scale (MAS)**, which consists of 29 items making up four money a. itude scales:

Power prestige

Retention-time

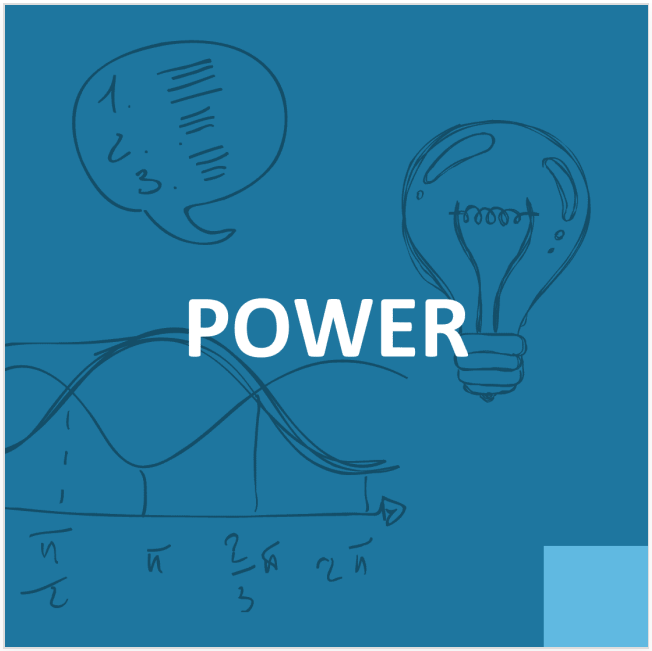
Distrust

Anxiety

money.

Furham (1984) borrowed items from the MAS and other sources to construct the **Money Beliefs and Behaviour Scale,** which is commonly cited in the literature. The Money Beliefs and Behaviour Scale consists of 60 items **divided among six factors:**

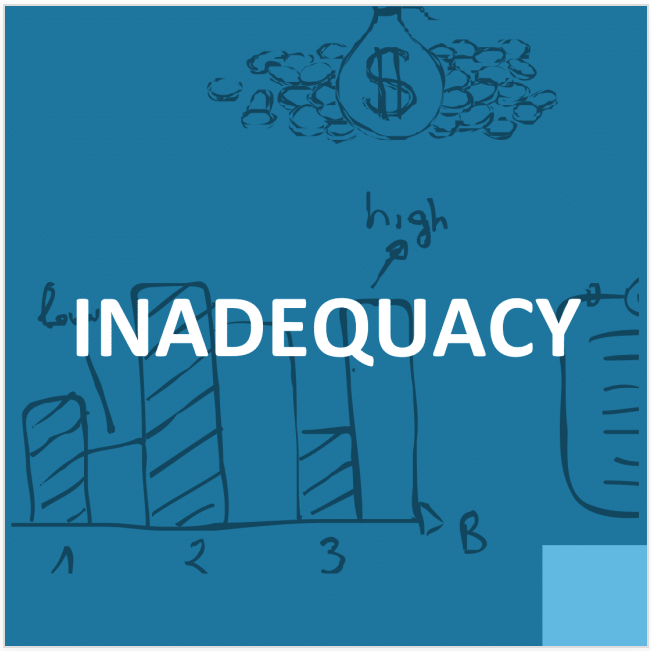
Being preoccupied with money.



Using money (particularly in the form of giving it away) to maintain an upper hand.

The keeping of money.

Old-fashioned approach to money involving money conservation.



Feelings of not having enough money.

How money is obtained.

Tang (1992), the developer of the Money Ethic Scale (MES), identified six major beliefs about money:

- Money is good.
- Money is evil.
- Money represents achievement.
- Money is a sign of respect.
- Budgeting is important.
- Money is power.

Regarding the relationship between self and money, money is viewed as either a direct extension of the self or as the means of having or doing things that are themselves an extension of the self. Money also may function as a means of self-transformation, symbolizing power, success, esteem, gender identity, and well-being
- (Prince, 1993).

It is a common belief that certain self-concepts lead to specific money beliefs:

A sense of envy - linked with beliefs reflecting negative feelings about people and their money, especially rich people.

Non-generosity - linked with "ascetic" values (postpone spending and enjoyment, don't judge success by money).

A sense of envy - linked directly with possessiveness (desiring expensive clothes, viewing money as success, and being predisposed to illegal acts to obtain money).

Distrust - linked with the belief that in "business, everyone has his price".

Status-seeking -linked with the value of judging success by "how much money I make, in comparison to others".

Low self-esteem - linked with the value that "it is important that I wear expensive clothing".

Jealousy - linked with the belief that "rich people are vulgar and disgusting".

Frugality - linked with the value that "it's important that I wear expensive clothing".

Distrust - linked with the belief that "most people are not very generous when it comes to those less fortunate".

Personal competence - linked with beliefs that individual achievement is the avenue to success.

"Beliefs about money vs. income

Although it would seem reasonable to assume that attitudes and beliefs about money depend on one's income, previous research has been unable to establish a strong association. However, there does appear to be **a slight correlation with higher-income individuals believing that money is a sign of achievement and being less likely to view money as evil** compared to lower-income individuals."

- Klontz, Britt, & Mentzer, 2011

“Education vs. income

Given the positive association between income and education, it is not surprising that similar relationships are found between education and money beliefs, with more educated individuals treating money in a more conservative manner.
It is also noted that **individuals with lower levels of education perceived that they were poorer in childhood than those with higher education levels.** ”

- Klontz, Britt, & Mentzer, 2011

“Beliefs about money vs. age and gender

Some associations between money beliefs and age and gender have also been found. **Younger individuals are more likely to view money as a source of evil when compared to older individuals.**
Compared to younger individuals, older individuals **are more likely to believe that they were poorer during childhood** and that their parents cared more about money.
Older respondents are also more likely to worry about their financial situation and have more negative outlooks for their

future financial situation. A slight correlation has also been found **between older individuals and females being more inclined to keep a budget** and those who budget their money to report greater life satisfaction. Males have been shown to **obsess about money more than females,** be more conservative and feel that money is a sign of security and hard effort"

- **Klontz, Britt, & Mentzer, 2011**

"Gender stereotypes vs. money beliefs

Gender stereotypes are also relevant when discussing money beliefs. The impact of gender stereotypes on money beliefs becomes evident in the upbringing of children and the socialisation of young adults, **with boys and men being exposed to a greater extent to informal financial education,** as they are encouraged to learn about investment and financial management from an early age.
The same is not the case for women. Research has shown that even at an early age, **boys usually get more pocket money than girls,** which is indicative of the different treatment we reserve to the two sexes, even as parents"

- **women on top, n.d.**

“Men and women vs. money

This trend is reinforced by the practices adults follow in the later stages of their lives. According to surveys, at least half of men consistently declare that they **consider themselves to be the main ones responsible for the management of fiscal tax liabilities, investments, loans and insurance decisions for their families.**
The corresponding figure for women is about 30%. On the other hand, there are more women who see themselves as primarily responsible for the financial management of the household and short-term financial activities that usually do not require the kind of knowledge that is weighted”

- women on top, n.d.

“Single vs. married

It is characteristic that unmarried men and women are equally involved in managing financial decisions; people in long-term relationships or marriage usually behave with more traditional gendered behaviour.
What is more, gender stereotypes regarding the role and characteristics of women, lead women to suppress their ambitions relating to money for **fear of being seen as selfish or aggressive** and they tend to put others' needs over their own. This tendency is also reinforced by the stereotype that depicts women as those who spend rather than those who earn money for their families or themselves "

- **women on top, n.d.**

How childhood beliefs influence our financial decisions

Consistent with social learning theory, individuals tend to carry beliefs about money and money skills learned in childhood into their adult lives. Unfortunately, these money attitudes and skills may not be helpful if parents or other care providers did not have a healthy relationship with money.

Money scripts, the scientific term for money beliefs, are:

- developed in childhood,
- often passed down from generation to generation in family systems, (c) typically unconscious,
- contextually bound,
- a factor that drives much of one's financial behaviours.

ACCOUNT NUMBER
PAYMENT MUST REACH US BY
11/13/2019
TOTAL AMOUNT DUE
$146.23
AMOUNT ENCLOSED

It is argued that emotionally charged "financial flashpoint" experiences can leave a lasting cognitive imprint as children try to understand the role money plays in their family, life circumstances, and the world.

Money scripts are often at the root of money disorders, and when associated with emotionally charged or traumatic events, these belief patterns can be highly resistant to change.

- Klontz, Britt, & Mentzer, 2011.

We have gathered seven common parenting behaviours that can negatively influence money habit:

- Forbes, 2013

Frugal parents

Impact:
Inclination to overspend to compensate.

Overspending parents/spoiled children

Impact:
Unrealistic money expectations/ unaffordable way of life/ debt.

Charitable parents

Impact:
Inclination to donate /donations may be unaffordable.

Financial illiterate parents/ never taught their children about money

Also: Money as dirty and taboo to talk about/ especially women kept in the dark regarding household finances.

Impact:
No foundation of knowledge when it comes to money management

Distrust towards financial institutions/ Savings under the mattress

Impact:
Fear of investing.

Economically dependent mother

Impact:
Expecting 'Prince Charming'.

Divorced parents

Determination to start your own family/Risk of taking hurried and poor money decisions.

Self-confidence & money

Self-confidence & money

"In a study of data from 162 countries, researchers found consistent evidence that higher income predicts whether people feel more positive self-regard emotions, including confidence, pride, and determination.

Lower income had the opposite effect and predicted negative self-regard emotions, such as sadness, fear, and shame. The research was published online in the journal Emotion"

- APA,2021

Levels of income also may

have long-term effects

In an analysis of a longitudinal survey including more than 4,000 participants in the United States, the researchers found that higher income predicted **higher levels of self-regard emotions** about 10 years after the initial survey of participants, while low income predicted greater **levels of negative self-regard emotions**, such as **fear and shame**.

Do women need more financial knowledge to enhance their confidence, or more confidence to apply that knowledge?

There is no simple answer to this question.

Research shows that it is usually very difficult to bridge the financial literacy gap if you don't first solve the issue of **women's low self-esteem in the related areas.**

By boosting the self-confidence of female students, you help them to feel more capable of making important decisions in their own lives and be more open to learn and master new concepts and tools for the rest of their lives

- women on top, n.d.

Research shows that there are many aspects of everyday life in which women **are more likely to report lower levels of self-confidence than men.** This gap appears early enough in women's lives: girls, for example, **begin to develop a sense of self-worth from the age of 6 years of age, girls begin to demonstrate a greater lack of confidence than boys in goals that in tasks requiring 'cleverness'.**

In addition, women repeatedly report feeling **less competent in mathematics**, a skill that is essential for them to understand basic principles of . nancial literacy. Finally, they report lower confidence in their ability to achieve their financial goals, compared to male peers

- women on top, n.d.

Personal relation with money and financial products

Personal relation with money and financial products

In an interesting study, researchers developed the Klontz-Money Script Inventory (Klontz-MSI) subscales, which categorizes individuals into four types of money mindsets, providing researchers and practitioners insight into an individual's desire to avoid money issues (avoidance), accumulate money (worship), differentiate oneself from other socioeconomic classes (status), or keep one's money issues private (vigilance).

Money avoidance

Some money avoiders believe they don't deserve to have money. Others think money is bad.
Either way, money can be a source of fear, anxiety, or disgust. Money avoiders often sabotage their financial success. They may choose not to spend money on reasonable and essential items, or they may give money away, so they have as little as possible.

Money worship

Money worshippers share a **“belief that more money will solve all of life’s problems and bring happiness...”.**
The reward of more money becomes a carrot dangling just ahead that is never quite reached. These beliefs have been associated with compulsive hoarding, unreasonable risk-taking, gambling, overspending, compulsive buying, and other destructive . nancial behaviours.

Money status

People whose beliefs register on this scale adhere to the idea that money confers status.

They see a **clear distinction between socio-economic classes**, and their sense of self-worth is often linked to net worth. In addition, status scripters tend to equate success with money. Some may pretend to have more money than they do in order to appear successful.

Money vigilance

The vigilant believes it is important to **work and save**. They are watchful, frugal, and concerned about finances.
While these traits can support healthy financial decisions, the vigilant are often **anxious about money ma. ers and wary of financial risk**. Consequently, their ability to enjoy the benefits and security of money may be limited.

Is money good or bad? What money really gives us?

- Satisfaction of basic needs and sense of security

Money can provide that security by providing for our food, shelter, clothing, and transportation. If we have those things covered, it immediately reduces the stress in our lives

- University of Minnesota, n.d.

- Better quality of life

Once our basic needs are met, money can provide a way to experience life at a different level

- Changes your mentality

When you have money in the bank, you don't worry about things as you once did. If something breaks down, it's no big deal. You've got the means to cover the expense. If you've saved six months or more of your living expenses, if all of a sudden you lose your job, you won't be as anxious since you have some margin.

- Take advantage of opportunities

Whether it is cars, clothing, houses or stocks, at some point things go on sale. If you have the cash, you can usually get a good deal on many things of value during economic downturns.

- Prepares you for the unexpected

Having a surplus, or an emergency fund, allows you to pay for the unexpected things that happen in life that require money to resolve(University of Minnesota, n.d.). If you don't have this reserve, you will have to use credit or go into debt, which kills your opportunity for future savings.

- Make a difference in others' lives

To be able to help someone else out.

- Poverty and wealth effect

Make judgments and decisions based on money criteria. If you don't have enough money, you may find it difficult to focus on anything but trying to make money and end up missing out on the joy of life (University of Minnesota, n.d.). If you have more money than covers your needs and some of your desires, it can create a comfy life of mediocrity. It can cause you to be complacent and forget about what's essential and not achieve your most important goals.

- Big G.F.E

Money is a li. le about math and a lot about emotion. When you're on the extreme sides of money, it's easy for the big G.F.E. to set in: Greed, Fear, and Envy

- University of Minnesota, n.d.

- Quick, easy credit

When you end up purchasing the extra things on credit, you typically lose financially, unless it's an appreciating asset like a house. You should keep your debt level as low as possible.

- Money can't buy happiness

They say money can buy you anything, and I suppose that's correct for a lot of things. However, having a lot of money can give you a false sense of security or an unhealthy confidence

level in your abilities. Or you could end up just hoarding it and not spending it to enjoy your life or helping others

- University of Minesota, n.d.

There's nothing wrong with having money. But if our lives end up turning around money, we lose the real meaning of life, and we tend to forget that money is not the end purpose but a mean to reach our goals. The love of money is the root of all sorts of evil, not money itself.

Being wealthy vs. being rich

What does it mean to be rich?

Being rich equals having tons of money and spending a lot of it. Today, many famous athletes, movie stars, models, and designers are considered rich. In fact, most rich people nowadays didn't inherit their money; they earned it.

How rich is rich?

It's no exact science, but we would say that earning $500,000 per year makes you a rich individual, regardless of where you live. Based on IRS data, these households are the top 1% income earners. However, being rich could also mean having a lot of debt, especially if you spend more than you earn.

- Avramonic, 2022

What does it mean to be wealthy?

The simple definition of wealth would be **money + assets**.

Like in Monopoly, where a player's status is determined by the number of houses and hotels they possess (not just the "cash" they have amassed during the game), wealth can be defined in real life as the **accumulation of valuable economic resources**.

How a wealthy person differs from a rich person?

Rich people see cash as something that's made for spending only. Conversely, wealthy people see cash as something that can be invested to make more money.

Therefore, **the wealthiest people in the world are business owners, such as Elon Musk (Tesla), Jeff Bezos (Amazon), Bill Gates (Microsoft), and Mark Zuckerberg (Facebook)**.

In short, it doesn't matter who has more money, a rich or wealthy person. Individuals earning € 80,000 per year could be wealthier than those making € 500,000 annually. It's the assets you own, the investments you make, and the debts you acquire that make you wealthy (Avramonic, 2022).

How to become wealthy?

Minimize your expenses and start saving:

keep track of how much you spend and avoid buying things you don't need.

Increase your income:

try to advance in your career or find a side hustle that can earn you more money.

Avoid debts:

try not to spend more than you earn. Learn how credit cards work and use them responsibly. And if debts can't be avoided, pay them off as quickly as you can.

Become an investor.

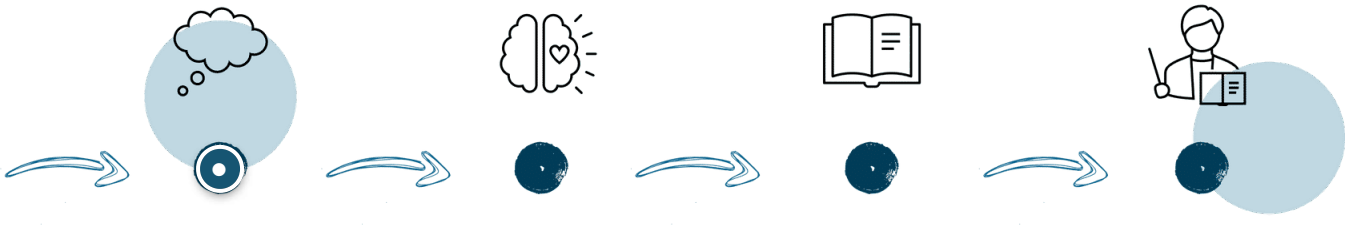
-Avramonic,2022

Establishing a healthy relationship with money and financial products

Financial health or financial wellness includes: spending money based on your values, having low or reasonable debt, saving money to meet your goals, and having a safety net, such as an emergency fund or insurance

- Tartakovsky, 2012

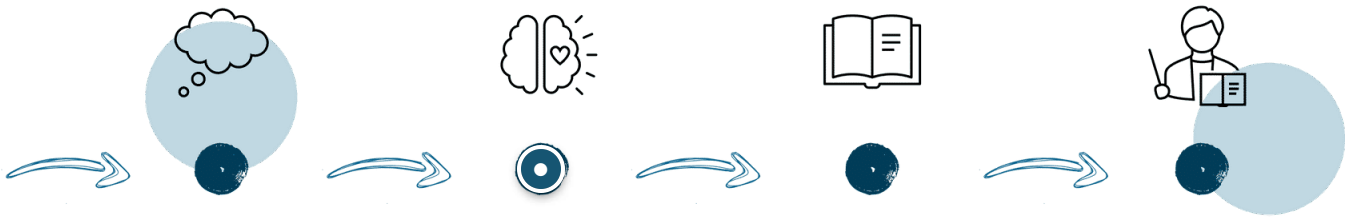
Our financial relationship today stems from childhood, which is when **our money scripts are formed**. Regardless of the state of your relationship with money, you can take steps to improve it and **change the negative money scripts you may have**.



Make your unconscious money scripts conscious

When your scripts remain unexplored, they can influence your behavior in negative ways.

Begin by interviewing family members about their money beliefs and recalling your earliest money memory by asking yourself these questions: **"What is your most joyful memory around money? What is your most painful money memory? What lessons about money did you learn?"**



Know yourself

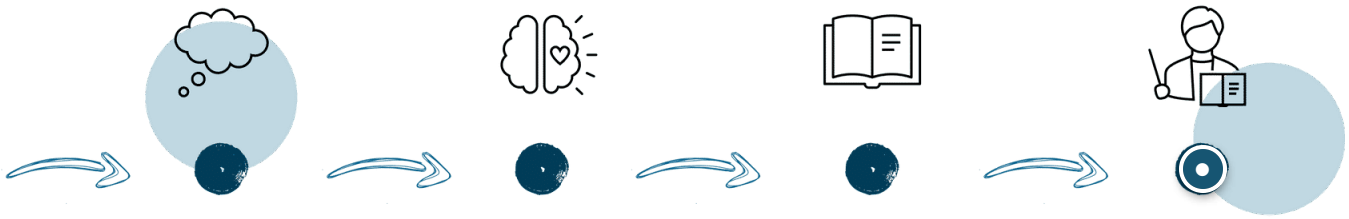
You can learn more about yourself by paying closer attention to **your behaviors around money, then use this knowledge to improve your financial functioning.**

For instance, someone who goes to a shopping center and ends up buying items they don't need might actually be **feeling lonely.** Realizing this can lead them to fulfilling their needs in healthier ways and saving some cash).

A husband who's unhappy with his wife's promotion might really be anxious about potential changes in their relationship and his role as a man in their marriage. This understanding may prevent needless arguments and kickstart a productive talk about their new financial situation.

Consult reputable resources

One of the reasons people have a poor relationship with money is misinformation or lack of information. Reading reputable books can help (For example: The Money Trap by Ron Gallen, The Secret Language of Money by David Krueger, and Klontz's Mind Over Money).



Consult the experts

If your financial wellness is anything but well, **seek professional help**. For instance, look for clinicians who specialize in financial psychology (Tartakovsky, 2012).

Gender perspective: Why women "do not get involved" with money?

Gender perspective

"What is Financial Literacy?

The information for financial consumers (person, family, community) increasing their awareness about the risks and opportunities within financial products and concepts in order to increase their level of welfare respectively"

- Rai, Dua, & Yadav, 2019

The difference in financial literacy level has been found **on the basis of demographic variables such as gender, age, income and qualification**. However, a significant gender difference in financial literacy level has been studied by

OECD (2013), where it was found that financial literacy level is generally lower in women than in men. While examining the financial literacy of women, in addition to financial education, financial attitude and behaviour are also important and may have a positive impact. A significant positive association was found between financial behaviour and the financial literacy of working women.

- Rai, Dua, & Yadav, 2019

Financial literacy level among men is increasing faster than in women. Nevertheless, women with higher incomes are more confident in their personal finance and have higher financial literacy levels.

In contrast, women of young age, having children, and facing disruption in marital life **are more likely to face financial distress.** Reasons behind women's less participation in financial decisions can be attributed to a lack of **financial education, fewer money management discussions with female members of the family and lack of awareness about innovative financial products** and services

- Rai, Dua, & Yadav, 2019

- There is **a gender difference in the financial behaviours** of men and women:

"Women have the inclination to **make a budget and keep track of their finances, but they are lacking in financial knowledge which affects their financial behaviour.**

Women with lower levels of financial literacy are less likely to take retirement plans and they are more dependent on their family and friends for their savings and investment planning"

- **Rai, Dua, & Yadav, 2019**

"According to the European Consumers Payment Report 2022, women are **less confident in answering financial education questions** (women were disproportionally more to choose the answer I do not know), confirming that it is imperative that education is made equally accessible to both genders, in order for women to gain financial confidence.

However, financial education is not enough, **confidence and involvement in making major financial decisions have been established as important contributors to closing the gender gap in financial literacy**"

- **Smith & Liao, n.d.**

Knowledge check

Knowledge check

Check your knowledge by answering the questions below.

Behavioural finance can be summarized into five main concepts. Do you remember what they mean?

Connect each concept with the right definition.

Mental accounting	People have a tendency to allocate money for specific purposes like vacation, bills etc.
Herd behaviour	People tend to follow the financial behaviours of others (investing in stock market)

Emotional gap	People make decisions based on emotional strains like anxiety, anger, fear, or excitement.
Anchoring	People attach a spending level based to a specific reference, for example budget level.
Self-attribution	People make choices based on overconfidence in their own knowledge/skills.

SUBMIT

The Klontz-Money Script Inventory (Klontz-MSI) subscales categorizes individuals into four types of money mindsets. **What behaviour is characteristic for money avoidance?**

- Being watchful, frugal, and concerned about finances.
- Feeling that you don't deserve the money or that money is bad.

Pretending to have more money than we do in order to appear successful.

SUBMIT

WHILE PREPARING TO TEACH ABOUT PSYCHOLOGY OF MONEY MAKE SURE YOU CAN EXPLAIN:

1. What influences our financial behaviour?
2. Why comparing your finances to others doesn't make sense?
3. Why time plays a crucial role in financial decision-making?
4. What beliefs people have about money?
5. How childhood influences our beliefs about money?
6. How to establish a healthy relationship with money?

Workshop layout

In this chapter you will find exercises that help you **plan and deliver your workshop sessions.**

EXERCISE 1: WHAT'S YOUR MONEY PERSONALITY?

TRAINING GOALS:

1. To discover your underlying money beliefs.
2. To understand and eventually change the negative money beliefs and behaviours you may have.
3. To choose and adopt new positive money beliefs and behaviours.

Module01-Excercise01.pdf
201.4 KB

TRAINING GOALS:

1. To discover your underlying money beliefs.
2. To understand and eventually change the negative money beliefs and behaviours you may have.
3. To choose and adopt new positive money beliefs and behaviours.

Module01-Excercise02.pdf
190.6 KB

dedicated to your country.

TRAINING GOALS:

1. Motivate participants to learn about . nancial issues.
2. Encourage participants to become financial independent and set goals

PDF

Module01_Excercise03.pdf
152.5 KB

Additional self-study materials

Educational materials may differ in each country. We want to encourage you to familiarize yourself with the materials dedicated to your country.

2. Crazy About Money: How Emotions Confuse Our Money Choices and What To Do About It by Maggie Baaker Ph.D

3. Women & Money by Suze Orman

4. Behavioral Finance e-course on Coursera, h. ps://www.coursera.org/learn/duke-behavioral-finance

5. Money and emotions podcast by the Open University on the link https://www.open.edu/openlearn/money-business/money-and-emotions

6. Videos on financial literacy by the European Commission on the link https://finance.ec.europa.eu/consumer-finance-and-payments/financial-literacy_en#videos

7. Financial Competence Framework for Adults in the European Union by the European Commission and the OECD on the link

8. Investopedia.com: a comprehensive financial education website that provides a wealth of personal finance, investing, and trading information

In order to close the module correctly, click the Save and close button.

SAVE AND CLOSE

Section 11 of 47

Introduction

"Economics is the science that studies human conduct when, given a ranking of goals, choices have to be made about scarce means applicable to alternative uses."

- Lionel Robbins

We make economic decisions every day. We choose how much to spend, what to buy in the immediate future, and what expenses can, instead, be postponed.

Women are three times more likely than men to say they can't afford to save for retirement; they also make up the majority of caregivers and are three times more likely than men to **quit their jobs to care for a family member**.

Generally speaking, **women earn less, save less, and live longer** – but are still responsible for the same living expenses men pay. And since they live longer, they face additional costs, including long-term and overall health care expenses. Overcoming these obstacles demands serious dedication to planning a personal budget to afford such costs and situations better.

IN THIS MODULE WE WILL DISCUSS

1. Definition of **personal budget management.**
2. Classification of **different sources of income and expenses**, along with the habits of good household budget management.
3. **The budget planner** and the tools used for budget management, such as **pen and paper, Excel, and mobile apps.**
4. Goal funds and monthly allocations, including the **envelope method, accumulation, and monitoring.**
5. **Achieving financial freedom:** useful tips for taking a more forward-looking approach.
6. Raising awareness of **reasonable money management.**

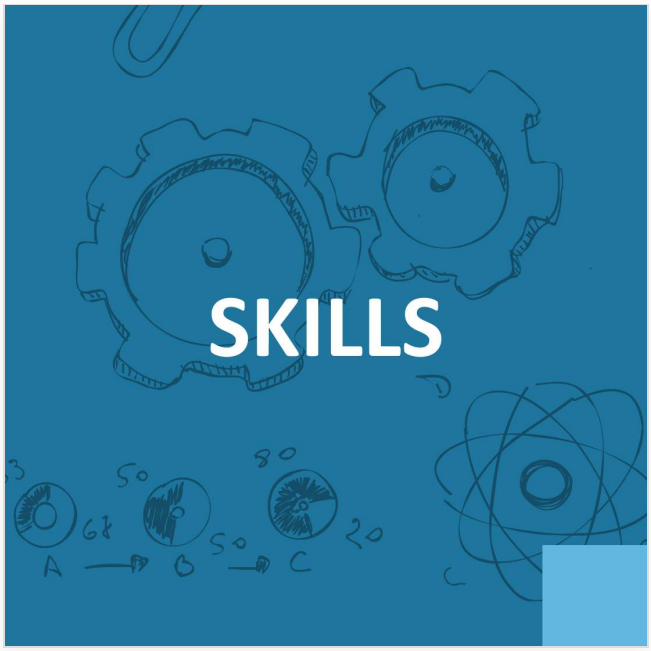
7 Defeating money taboo.

This module was prepared to help participants - girls and young women - develop a realistic and sustainable budget plan that suits their lifestyle and . nancial goals. They will learn to monitor and adjust their budget plan as needed and maintain financial stability over time.

Learning outcomes

By the completion of this module, **you, as a trainer**, will be able to:

Educate girls and young women about the importance of personal budgeting and its impact on . nancial well-being. Teach them how to create a budget planner and use various budgeting tools.

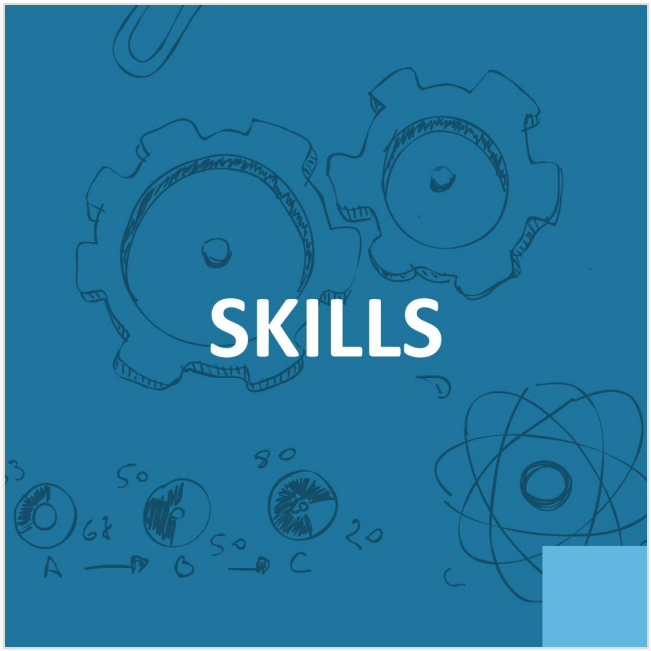


Help individuals identify different sources of income and expenses, categorize them effectively, help them set financial goals, and create a plan to achieve them.

Help individuals develop a realistic and sustainable budget plan that suits their lifestyle and financial goals.

Your **goal** is **for the participants - girls and young women -** to be able to:

Understand what a personal budget is and how to manage it.



Set personal financial goals.
Use personal finance management apps.

Categorize their expenses according to their income.

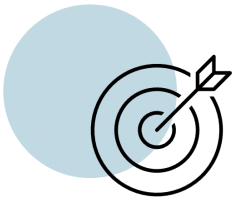
What is personal budget management

What is personal budget management

Personal budget management is creating a budget to manage personal finances effectively. It involves:

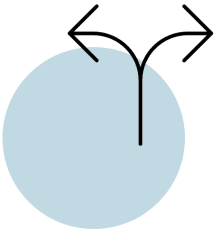
Tracking

Tracking income and expenses



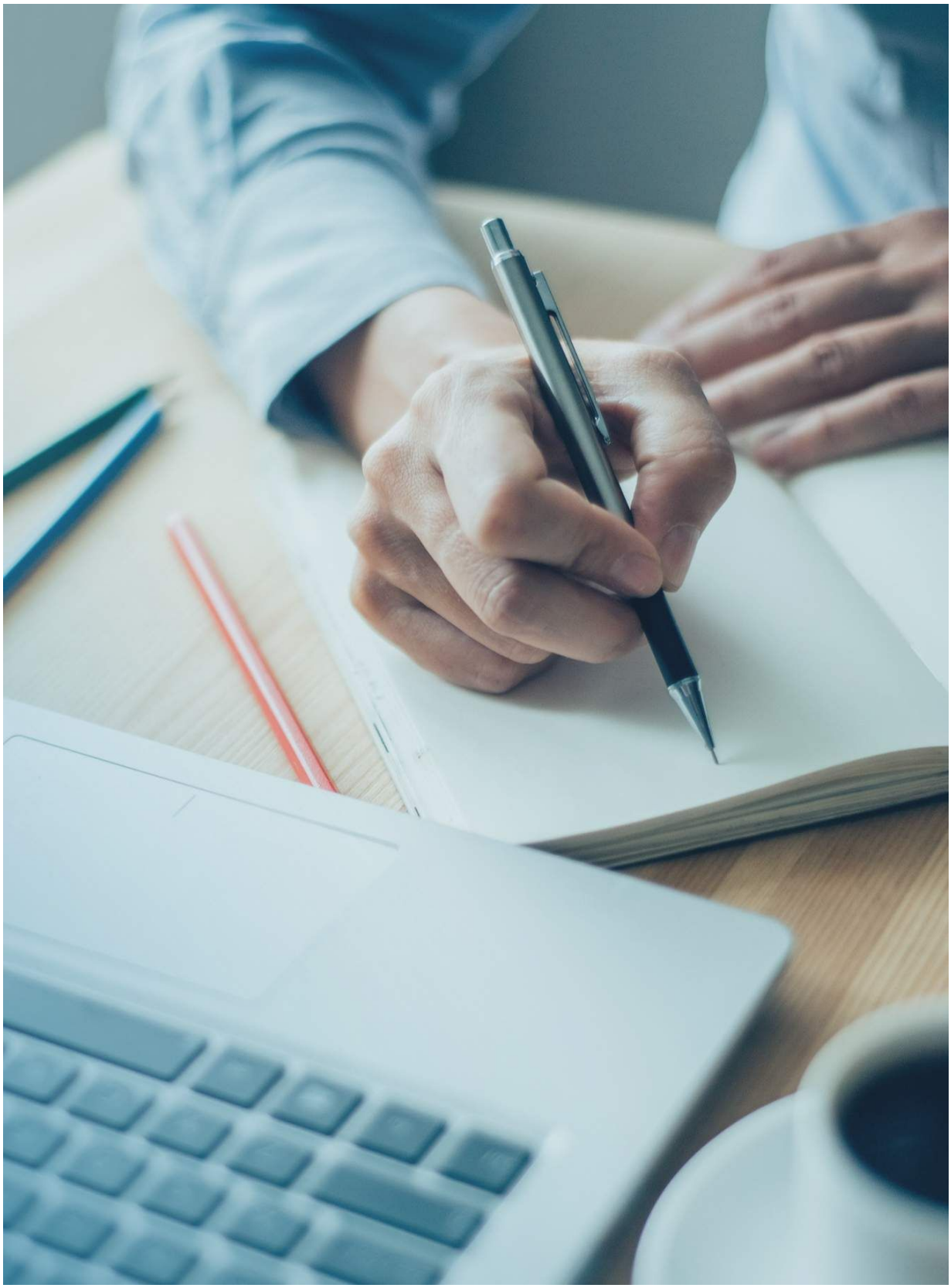
Identifying goals

Identifying financial goals



Making decisions

Making informed decisions about spending and saving money



The first step in personal budget management is to create a budget by listing all sources of income and expenses. This can include but is not limited to:

Income	Expenses
Salary Allowances	Rent/mortgage Food Bills Transport Utilities

Once all expenses have been identified, we can prioritize our spending based on our financial goals and allocate funds accordingly.

Personal budget management also involves **tracking expenses regularly** to ensure that spending aligns with the budget.
This can be done by using budgeting apps, spreadsheets, or other financial tools to monitor spending and identify areas where adjustments may be needed.

Another important aspect of personal budget management is **saving money**. This can include setting aside **funds for emergencies**, retirement, or **other long-term . nancial goals**. Individuals can also save money by finding ways to **reduce expenses**, such as by cooking at home instead of eating out, using public transportation instead of driving, or negotiating bills with service providers.

Overall, personal budget management is about **taking control of personal finances and making informed decisions about spending and saving money**.

By effectively managing their budget, people can reduce financial stress, achieve financial goals, and build a secure financial future.

Different sources of income and expenditures

Sources of income refer to the **different ways or channels** through which we receive money or financial resources.

Identifying and categorizing sources of income is an important step in personal budget management, as it helps us to understand our total income and plan how to allocate our resources effectively. **These sources can include:**

- **Salary and wages**

- **Self-employment income, royalties or commissions**

- **Rental income**

- **Investment income**

- **Retirement income**

- **Government benefits**

such as social security, disability, or unemployment bene. ts

- **Gifts or inheritance**

- **Freelance or gig work**

Expenditures refer to the various types of **expenses we have**. Identifying and categorizing expenditures is an essential step in personal budget management, as it helps us understand our total expenses and plan how to allocate our resources effectively to achieve our financial goals. **Expenditures can include:**

- **Fixed expenses**

such as rent or mortgage payments, insurance premiums, or car payments

- **Variable expenses**

such as groceries, utilities, transportation, and entertainment

- **Debt payments**

such as credit card debt, student loans, or personal loans

- **Savings**

such as emergency funds, retirement savings, or other long-term savings goals

- **Discretionary spending**

such as dining out, travel, or luxury items

- **Charitable donations or contributions**

- **Taxes**

Habits of good household budget management refer to the regular practices or routines that individuals or households adopt to manage their finances and maintain a healthy financial situation effectively. Adopting and maintaining these habits can help

individuals and families to achieve financial stability, reduce stress related to financial issues, and achieve their long-term financial goals. **These habits can include:**

Creating a budget

A reasonable household budget starts with creating a budget that includes all sources of income and expenditures. This budget should be based on realistic income and spending projections and reviewed regularly to ensure accuracy.

Prioritizing expenses

After creating a budget, it is essential to prioritize expenses based on their importance and relevance to long-term financial goals. Fixed expenses such as rent or mortgage payments, utilities, and insurance should be prioritized over discretionary spending.

Reducing unnecessary expenses

Good household budget management involves reducing unnecessary expenses such as dining out, entertainment, or luxury items. Small changes in spending habits can make a big difference in overall savings.

Managing debt

Managing debt is an integral part of household budget management. Debt should be paid off quickly, and individuals should avoid taking on new debt whenever possible.

Saving money

Good household budget management involves saving money regularly. This can include setting aside funds for emergency, retirement, or other long-term savings goals.

Monitoring expenses

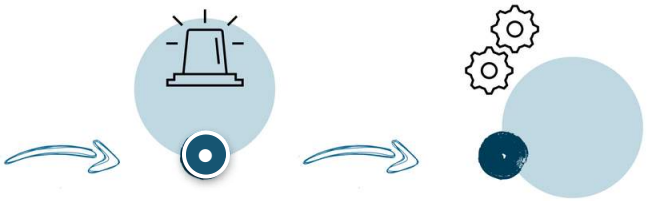
It is essential to monitor expenses regularly to ensure that spending aligns with the budget. This can be done using budgeting apps, spreadsheets, or other financial tools to track spending and identify areas where adjustments may be needed.

Seeking financial advice

Individuals struggling with household budget management or needing guidance on financial planning should seek the advice of a financial professional. A financial educator can provide valuable insights and budgeting, savings, and investing recommendations.

Different types of savings

Emergency savings and rainy day funds are designed to provide a financial safety net, but they serve different purposes.



Emergency savings

Emergency savings are typically set aside to cover unexpected and urgent expenses, such as **a sudden job loss, a medical emergency, or a major car repair.** The purpose of an emergency fund is to **have money readily available to cover critical expenses** when an unexpected event occurs. It's recommended that an emergency fund should cover 3-6 months' worth of living expenses.

Rainy-day fund

A rainy-day fund is designed to cover **smaller, more routine expenses that are necessary but not urgent.**

Examples include **unexpected car maintenance, home repairs, or a last-minute flight to attend a family event.** Rainy-day funds are more flexible than emergency savings and are intended to be used for smaller expenses that can be anticipated.

Both types of funds are important to have to help ensure financial stability and to prevent you from relying on credit cards or loans in times of need.

Saving behaviour

Having a saving behavior (for example: planning shopping, not wasting resources, eliminating spending leaks, being responsible customer and also taking care of the planet) is important for financial stability because it allows us to build a financial cushion for unexpected expenses or emergencies. It can also help us achieve our long-term financial goals, such as buying a home, starting a business, or saving for retirement.

What could be good examples of spending leaks? **Mark all that fit this description.**

- [ ] Expensive coffee and snack every day
- [ ] Subscribing to multiple streaming services
- [ ] Eating out frequently
- [ ] Jogging
- [ ] Cooking at home
- [ ] Buying items on impulse

SUBMIT

Savings on fixed, periodic and variable expenses

One of the most important parts of planning and sticking to our budget is understanding the differences between **fixed, variable and periodic expenses**. It can help us manage our money more effectively and get off the paycheck-to-paycheck merry-go-round.

These are the expenses that don't change month-to-month. Our mortgage or rent, car payment, and insurance are fixed expenses. They may vary slightly from year-to-year (say, a rent increase), but overall we can count on them to stay the same for at least a year at a time.

How to save on fixed expenses?

Rent

Rent is a significant fixed expense for many young girls. Here are some ways they can save money:

- **Find a Roommate:** Sharing a living space with a roommate can cut the cost of rent and utilities in half.
- **Negotiate Rent:** Young girls can try negotiating rent with their landlord to save money. They can mention comparable rental prices in the area or offer to sign a longer lease in exchange for a lower rent.
- **Look for Rent-Controlled Apartments:** Some cities offer rent-controlled apartments that are subject to price caps. Young girls can research if this option is available in their area.

Utilities

Utilities can be a significant fixed expense for young girls. Here are some ways they can save money:

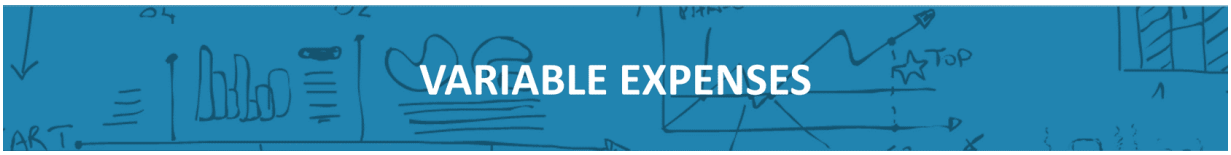
- **Turn Off Unused Electronics:** Turning off electronics when not in use can help reduce energy bills. Young girls can also unplug electronics when not in use to save on phantom power.
- **Use Energy-Efficient Light Bulbs:** Energy-efficient light bulbs use less energy and last longer, saving money on utilities.
- **Reduce Water Usage:** Young girls can reduce water usage by taking shorter showers, fixing leaky faucets, and running the dishwasher or washing machine only when full.

Internet and Phone Bills

Internet and phone bills can also be significant fixed expenses for young girls. Here are some ways they can save money:

- **Bundle Services**: Many internet and phone providers offer bundle packages that can save money compared to purchasing services separately.
- **Negotiate Bills:** Young girls can negotiate their internet and phone bills with their provider. They can ask about promotions or discounts for long-term customers.

- **Downgrade Services:** Young girls can consider downgrading their internet or phone service to a lower package that still meets their needs. This can save money on monthly bills.



These are expenses that will **vary month-to-month and are probably the largest spending category**. Variable expenses include **groceries, gas for your vehicle, utilities, entertainment expenses, and clothing**.

By keeping track of these expenses over time, we can better understand how much we're spending each month and plan accordingly. Utilities can become a fixed expense if our service provider offers an "equalizer" plan. These plans average our usage over time and charge the same each month rather than spiking during times of increased use.

How to save on variable expenses?

Eating out

Eating out can be a significant variable expense. Here are some ways young girls can save money:

- **Cook at Home:** Meals at home are generally less expensive than eating out. Young girls can learn to cook simple meals and meal prep to save time and money.
- **Bring Lunch to School or Work:** Bringing lunch to school or work is another way to save money. Young girls can pack a sandwich or leftovers from dinner instead of buying lunch.
- **Look for Deals:** If young girls want to eat out, they can look for deals such as happy hour specials or coupons. Many restaurants offer specials during certain days of the week, so researching before dining out is worth exploring.

Entertainment

Entertainment can be another variable expense. Here are some ways young girls can save money:

- **Use Student Discounts:** Many museums, theaters, and other entertainment venues offer student discounts. Young girls can take advantage of these discounts to save money.
- **Opt for Free Activities:** There are many free activities young girls can do for entertainment. For example, they can hike, have a picnic, or visit a local park.
- **Share Streaming Services:** Young girls can share an account with friends or family instead of paying for individual streaming services.

Clothing

Clothing can also be a significant variable expense. Here are some ways young girls can save money:

- **Shop at Thrift Stores:** Thrift stores can be a great place to find inexpensive clothing. Young girls can shop at thrift stores and online marketplaces to find gently used clothing at a fraction of the cost.

- **Wait for Sales:** Young girls can wait for sales to buy the necessary clothing. Many stores offer sales at the end of each season, so it's worth waiting to buy winter clothes until the end of the winter season.
- **Host Clothing Swaps:** Young girls can host clothing swaps with friends to exchange clothing they no longer wear. This is a fun way to refresh their wardrobe without spending money.

These are the **hardest expenses to plan for and usually take us by surprise**.

Periodic expenses include **annual vehicle registration, major car repairs, and holiday gift-giving**.

For things we know will come up at least once a year, we can set aside a bit each month to cover the cost. For example, we can set a designated amount to spend on holiday gifts in January, divide the amount by 12, and set aside that amount each month in a savings account dedicated to that purpose.

For unexpected expenses, such as a major car repair, an emergency savings account can keep us from charging it to a credit card. If we don't have an emergency savings account, this should inspire us to start one.

How to save on periodic expenses?

Car Expenses

Car expenses can be a significant periodic expense for young girls. Here are some ways they can save money:

- **Regular Maintenance:** Regular maintenance such as oil changes, tire rotations, and tune-ups can help avoid costly repairs down the road. Young girls should ensure they keep up with their car's maintenance schedule.
- **Do It Yourself:** Some car maintenance tasks can be done by the owner without needing a mechanic. For example, young girls can change their air filters, replace windshield wipers, and change their oil.
- **Shop Around for Repairs:** Young girls should shop for the best price if needed. They can ask for quotes from several mechanics to compare costs and avoid overpaying.

Medical Expenses

Medical expenses can be a significant periodic expense. Here are some ways young girls can save money:

- **Check Insurance Coverage:** Before scheduling medical procedures or appointments, young girls should check their insurance coverage to understand what is covered and what their out-of pocket costs will be.
- **Use Preventative Care:** Preventative care can help avoid costly medical procedures. Young girls should make sure they are getting their regular check-ups and screenings.
- **Shop for Prescription Discounts:** Young girls can shop for prescription discounts to save money. Some pharmacies offer discounts for certain medications or generic brands.

Taxes

Taxes are a periodic expense that young girls should plan for. Here are some ways they can save money.

- **Use Free Tax Services:** Young girls can use free tax services such as the IRS Free File program or volunteer income tax assistance (VITA) to avoid paying for expensive tax preparation services.
- **File on Time:** Filing taxes on time can help avoid costly penalties and interest charges.
- **Take Advantage of Deductions:** Young girls should ensure they take advantage of all tax deductions they are eligible for, such as student loan interest, charitable donations, or education expenses.

Overall, by **being mindful of . xed, variable, and periodic expenses,** and making **a few small changes,** young girls can **save money and work towards their financial goals.**

Budget planner and tools

A budget planner is a tool to **create, manage, and track a personal or household budget**. The purpose of a budget planner is to help individuals make informed decisions about their . nances by tracking income and expenses and identifying areas where adjustments may be needed.

There are many tools used for budget management:

Spreadsheets

Spreadsheets such as Microsoft Excel or Google Sheets are commonly used for budget management. They allow

individuals to create and customize budget templates, track expenses, and generate reports and graphs to visualize spending patterns.

Budgeting apps

Budgeting apps such as Mint, Personal Capital, or YNAB (You Need a Budget) can help individuals track spending, monitor their accounts, and set financial goals. These apps can also provide alerts and reminders to help individuals stay on track with their budgets.

Search for apps in your app store with sentences: budget planning, personal budget, savings, personal finance management.

Envelopes or cash system

This method divides cash into different envelopes or categories based on budgeted expenses. It can help individuals to control spending by limiting them to the cash they have on hand for each category.

Online banking

Most banks have online banking tools that allow individuals to track their transactions and manage their accounts. These tools can be used to set up automatic bill payments, monitor account balances, and track expenses.

Pen and paper

Some people prefer to track their budget using a simple pen and paper. This method involves manually keeping track of all income and expenses, which can be an excellent way to stay mindful of spending.

The choice of tools used for budget management will depend on individual preferences and needs. The most important thing is to choose a method that is **easy to use, accurate, and effective** in helping to manage personal finances.

Goal funds and monthly allocations

Target funds, also known as target-date funds or lifecycle funds, are **a type of investment fund** designed to automatically adjust its asset allocation over time. It is based on a predetermined target date, typically **the retirement date**.

These funds invest in a mix of stocks, bonds, and other assets that become more conservative as the target date approaches.

Target funds can be an excellent **tool for long-term financial planning.**

By investing in a target fund, we can ensure that our investments are managed by professionals who constantly adjust the asset allocation to meet our long-term goals.

Monthly allocations are also an important part of personal budgeting. By setting aside a portion of their income each month towards specific financial goals, we can build wealth over time and achieve our financial objectives. For example, we may allocate some of our income towards retirement savings, education funds, emergency funds, and other important financial priorities.

> Combining target funds with monthly allocations can be a powerful strategy for everybody who is serious about **building long-term wealth.**

By investing in a target fund and setting aside a regular monthly allocation towards that investment, we can take advantage of compounding interest and the long-term growth potential of the stock market.

It's important to remember that investing always **involves risk**, and we should carefully consider our financial goals and risk tolerance before making any investment decisions.

We should also consult with a financial advisor or professional to ensure that investment strategies align with our overall financial plan.

Financial freedom

Financial freedom is the ability to **live a life free from financial worries and constraints**. It involves having **enough money to cover your basic needs and expenses**, as well as having the **financial resources** to pursue your dreams and goals.

Achieving financial freedom is a process that requires a forward-looking attitude and a commitment to making smart financial decisions. In this text, we will discuss some useful tips for taking a more forward-looking attitude towards financial freedom.

Create a budget

A budget is a critical tool for managing your finances and achieving financial freedom. It helps you track your income and expenses, identify areas where you can cut back, and prioritize your spending. Creating a budget requires you to take a forward-looking attitude towards your finances by anticipating your future expenses and planning accordingly.

Set financial goals

Setting financial goals is an essential step towards achieving financial freedom.

Your goals should be specific, measurable, achievable, relevant, and time-bound. By setting financial goals, you are taking a forward-looking attitude towards your finances and creating a roadmap for achieving your desired financial outcomes.

Build an emergency fund

An emergency fund is a savings account that you can use to cover unexpected expenses or income disruptions. Building an emergency fund is a critical step towards achieving financial freedom because it helps you avoid going into debt or depleting your savings when unexpected expenses arise.

Invest in your future

Investing in your future is another key component of achieving financial freedom. It involves taking a forward-looking attitude towards your finances by putting money into investments that will provide long-term growth and stability, such as stocks, bonds, and real estate.

Live within your means

Living within your means is a crucial element of achieving financial freedom. It means being mindful of your spending habits and avoiding unnecessary expenses. By living within your means, you can reduce your debt, increase your savings, and build a solid financial foundation for the future.

Financial freedom requires a forward-looking attitude and a commitment to making smart financial decisions.

By creating a budget, setting financial goals, building an emergency fund, investing in our future, and living within our means, we can take control of our finances and achieve the financial freedom we deserve.

Knowledge check

Check your knowledge by answering the questions below.

Personal budget management is creating a budget to manage personal finances effectively. **What does it involve?**

- [ ] Tracking income and expenses
- [ ] Identifying financial goals
- [ ] Making informed decisions about spending and saving money
- [ ] Aiming to make more money

☐ Spending all we have, but not more

SUBMIT

WHILE PREPARING TO TEACH ABOUT PERSONAL BUDGET, MAKE SURE YOU CAN EXPLAIN:

1. What does it mean to manage a personal budget?
2. What are the types of income and expenditure?
3. What are the best household budget management habits?
4. What tools can we use to plan our budget better?
5. How to achieve financial freedom?

Workshop layout

In this chapter you will find exercises that help you **plan and deliver your workshop sessions.**

EXERCISE 1: HOW TO KEEP TRUCK OF YOUR EXPENSES?

TRAINING GOAL: Learn how to keep track of personal or family expenses.

1. Materials needed: **tracking sheets** (excel or paper)
2. Training schedule: **2 hours**

Module02-Excercise01.pdf
137.7 KB

EXERCISE 2: HOW TO CREATE A REALISTIC BUDGET?

TRAINING GOAL: Learn how to create a realistic budget.

1. Materials needed: **spending sheets** (excel or paper)
2. Training schedule: **2 hours**

Module02-Excercise02.pdf
141.3 KB

EXERCISE 3: HOW TO USE A BUDGET PLANNER?

TRAINING GOAL: Learn how to use a budget planner.

1. Materials needed: **laptop, excel or paper**
2. Training schedule: **3 hours**

PDF

Module02-Excercise03.pdf
171.7 KB

TRAINING GOAL: Learn how to create a personal budget.

1. Materials needed: **laptop, excel or paper**
2. Training schedule: **2 hours**

PDF

Module02-Excercise04.pdf
157 KB

EXERCISE 5: HOW TO CREATE A PERSONAL BUDGET FOR BUYING NEW THINGS?

TRAINING GOAL: **Learn how to create a personal budget for buying new things.**

1. Materials needed: **laptop, excel or paper**
2. Training schedule: **2 hours**

PDF

Module02-Excercise05.pdf
235 KB

EXERCISE 6: HOW TO BRAINSTORM ON INCOME SOURCES

1. Materials needed: **sheets of paper, whiteboard or flipchart**
2. Training schedule: **30 minutes**

PDF

Module02-Excercise06.pdf
131.8 KB

EXERCISE 7: HOW TO IDENTIFY THE SOURCES OF INCOME/EXPENSES OF A SPECIFIC PERSONA

TRAINING GOAL: **Identify the sources of income/expenses of a specific persona and construct the budget**

1. Materials needed: **Flipchart or whiteboard; post-it notes**

2. Training schedule: **45 minutes**

Module02-Excercise07.pdf
137.1 KB

Additional self-study materials

Educational materials may differ in each country. We want to encourage you to familiarize yourself with the materials dedicated to your country.

Managing a household budget is a crucial aspect of maintaining financial stability and achieving long-term financial goals. Fortunately, there are plenty of free resources

available online to help you learn how to manage your household budget effectively. Here is a list of free books, articles, and online courses to help you get started:

Books:

1. “The Total Money Makeover“ by Dave Ramsey
2. “The Simple Dollar: How One Man Wiped Out His Debts and Achieved the Life of His Dreams“ by Trent Hamm
3. “Your Money or Your Life“ by Vicki Robin and Joe Dominguez
4. “The Millionaire Next Door“ by Thomas J. Stanley and William D. Danko
5. “The Richest Man in Babylon“ by George S. Clason

Articles:

1. “10 Simple Strategies for Sticking to Your Budget“ by Kimberly Palmer, U.S. News & World Report
2. “How to Create a Budget You Can Stick To“ by Christy Bieber, The Motley Fool
3. “5 Steps to Creating a Successful Budget“ by Beverly Bird, Investopedia
4. “The Ultimate Guide to Budgeting for Families“ by Dawn Papandrea, Family Circle
5. “Budgeting Basics: A Step-by-Step Guide to Starting a Budget“ by Miranda Marquit, The Balance

Online courses:

1. “Managing Your Personal Finances“ from OpenLearn
2. “Personal Finance“ from Khan Academy
3. “Money Management Skills“ from Alison
4. “Introduction to Household Budgeting“ from Udemy
5. “Budgeting and Saving“ from FutureLearn

These free resources can provide valuable insights and guidance for managing your household budget. Whether you prefer to read books, articles, or take online courses, there are plenty of options available to help you improve your financial literacy and take control of your finances.

In order to close the module correctly, click the Save and close button.

SAVE AND CLOSE

MODULE 3: FINANCIAL PLANNING AND SETTING FINANCIAL GOALS

Introduction

In this module, you will familiarize yourself with the fundamentals of **financial planning** and setting financial goals.

1. Seven basic concepts in the circle of money (Earning, Consuming, Saving, Getting Insured, Investing, Borrowing, Donating)
2. The importance of being informed and consulting the specialists before making financial decisions, as well as the importance of making a financial plan
3. Setting financial goals: methods and tools.

This module of the educational kit will assist you to **introduce the fundamentals of financial decision-making and planning to girls and young women**. More specifically, you will learn **how to make a financial plan and set financial goals, which are basic skills that everyone needs to develop in order to manage his/her personal finances.**

Having a financial plan not only **ensures mindful management of income and expenses but also enables a person to take full advantage of his/her income, by saving and investing for the future**. Furthermore, knowing how to set financial goals properly is linked with having high or low prospects of achieving other life goals since almost everything has a financial aspect.

Example

Future goals such as going to university, getting married and starting your own family, and traveling abroad, **all require financial planning and setting financial goals that are attainable**. Having these essential skills will help girls and women overcome any hesitation and fear of dealing with financial issues, they will become more confident and independent in making financial choices that will eventually enable them to achieve their dreams and goals.

This module will **help girls and young women who are our target group to get familiar with finances**

and acquire fundamental knowledge about financial terms and financial decision-making.

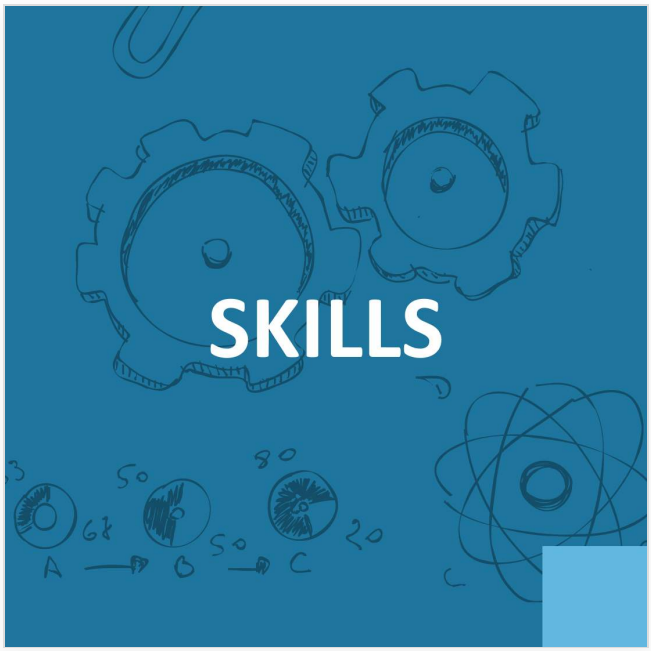
This way, they will be able to gradually overcome any hesitation and fear of dealing with financial issues and making financial choices. They will be able to deepen their financial knowledge. This is essential in order to build their confidence around financial issues and be able to take on their own financial decisions and, thus, become autonomous and self-independent.

Learning Outcomes

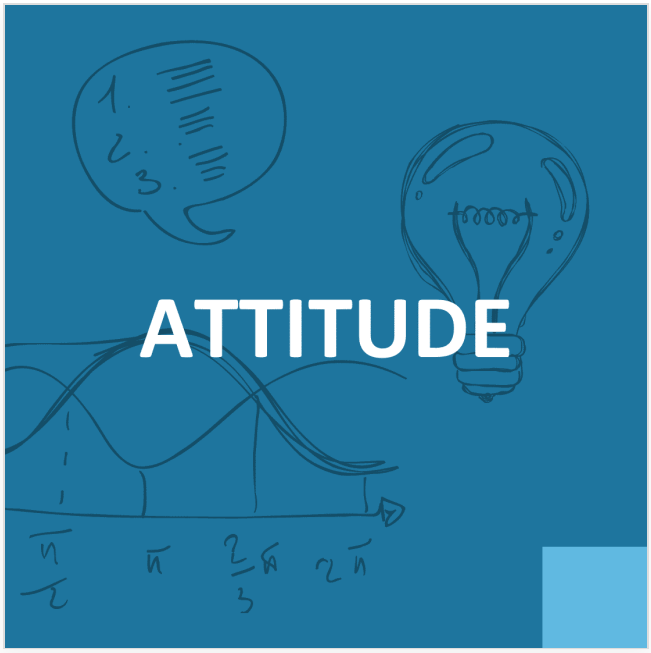
Learning outcomes

By the completion of this module, **you, as a trainer,** will be able to:

Explain the basic concepts of the circle of money.
Explain how to make a proper financial plan.



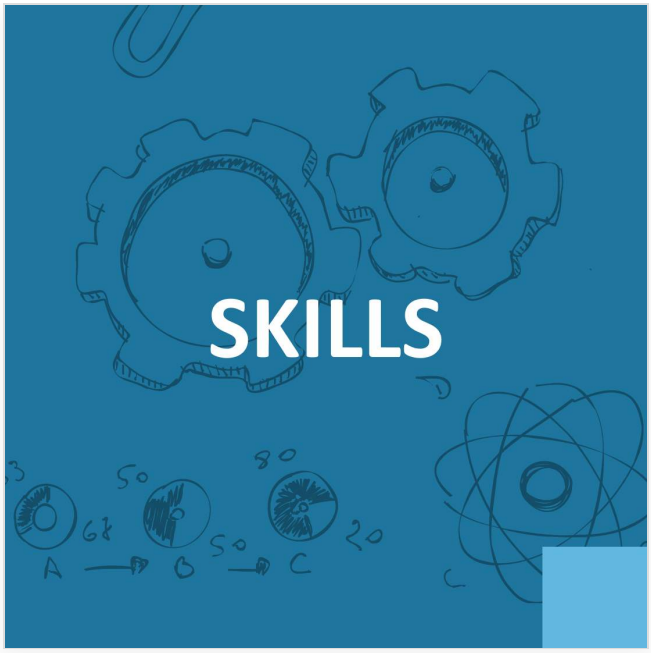
Explain in a clear way how to set financial goals and make a financial plan.



Understand the importance of informed financial decisions.

Your **goal** is **for the participants** to be able to:

Explain the basic concepts of the circle of money.
Explain what a financial plan is and its components.



Set SMART financial goals. Calculate their net worth and make a financial plan.

Understand the importance of informed financial decisions.

The circle of money - the 7 basic concepts

The circle of money (7 basic concepts)

An economy is an endless circular flow of money, as money flows from producers to workers in the form of wages and flows back to producers in the form of payments for products.

That is the basic form of the circular flow model, but actual money flows in an economy are more complicated, including government spending and taxes, imports and exports (Investopedia, 2022). The basic concepts of the circle of money are the following

- Hellenic Financial Literacy Institute, n.d.

DONATING
EARNING
BORROWING
CONSUMING
INVESTING
SAVING
GETTING INSURED

EARNING

For most people, their income is determined by the proceedings of their work which is a function of their performance, the labour market, and the relevant institutional framework that varies from country to country.

People can increase their income, climb up on the business hierarchy, and **claim better-paid jobs by expanding their knowledge and skills**. Income can also be earned by independent work from an individual's business activity.

Finally, income can also be gained **through the wealth that may come from a heritage, from personal savings, and from profitable investments** that someone has made over the course of their lives, such as land, homes, stocks, and mutual funds and can take the form of interest, rent, dividends and/or capital gains.

Individuals consume goods and services to meet their needs and desires. Usually, their disposable income is limited and thus the majority of people are not able to buy all the goods and services they desire and thus they have to choose.

People can improve their . nancial well-being by increasing their knowledge so that they can make the right decisions, **acting as smart consumers**.

Such efficient behaviour requires short and long-term financial planning, information gathering, analysing and prioritizing needs and desires and drafting an appropriate budget. A guide to the above process could be Maslow's hierarchy of needs theory.

As saving, we characterize the portion of disposable income, which we choose not to consume today, but to keep it for the future.

People need to save money for their security; to deal with various unexpected events that may occur in the future, and to be able to take advantage of potential investments and other opportunities, especially in times of crisis.

Our income, our goals, the duration of savings, the level of interest rates and inflation, the economic and political stability, and behavioural factors such as self-control, discipline, responsibility, and respect for ourselves and our children are some of the factors that affect the level of our savings, both at the microeconomic and macroeconomic level.

The "excellent" level of savings ranges between 10-15% of our income, according to financial planning theorists.

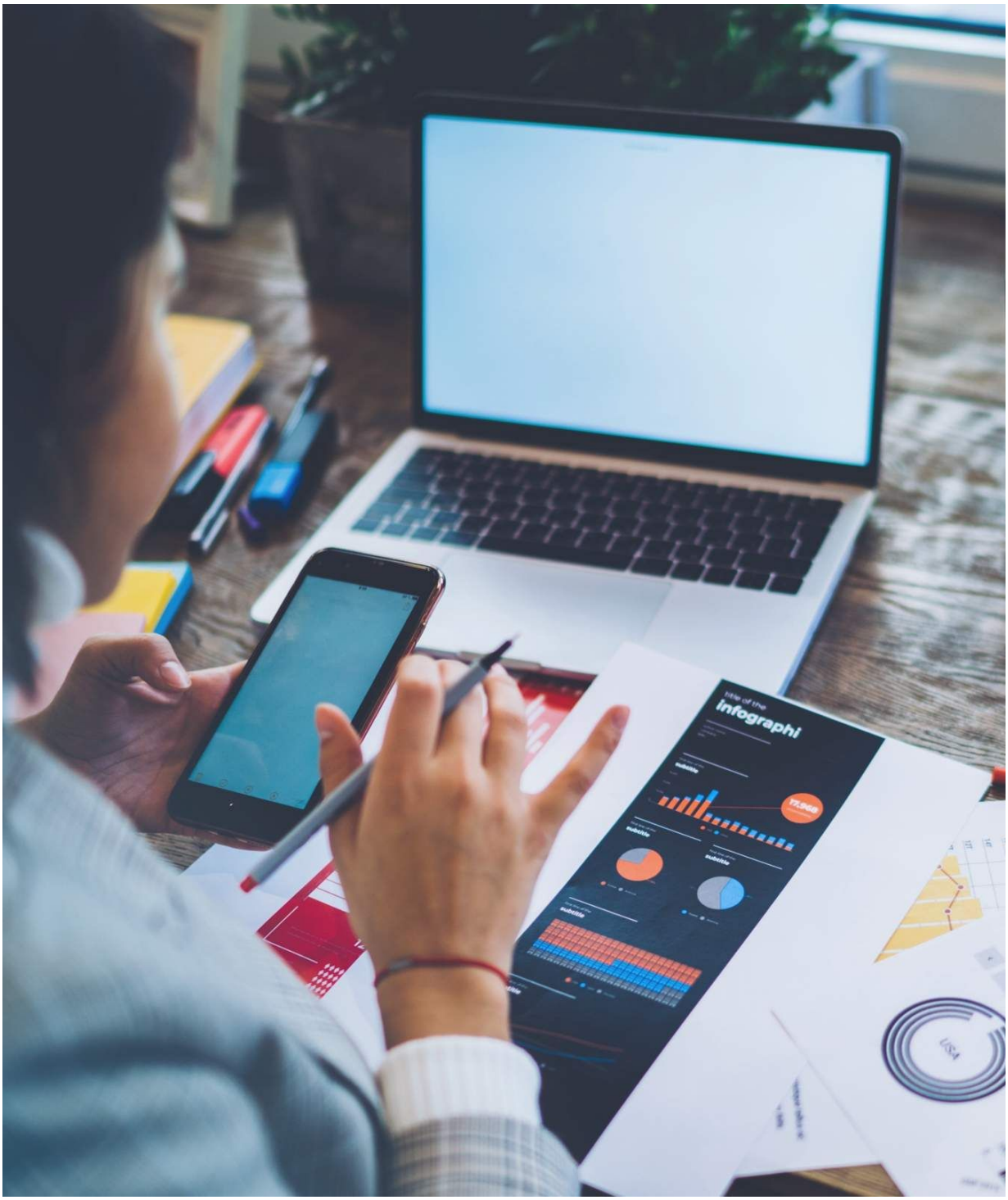
- Hellenic Financial Literacy Institute, n.d.

GETTING INSURED

Nowadays, people have options to protect themselves against the various possible risks they may experience in their lives, which can have serious financial and psychological consequences for themselves and their families.

Loss of income due to illness or accident, loss or damage to property resulting from possible illegal or natural incidents, or health and life issues, in general, are events that may happen to anyone. Therefore, everyone needs to understand the necessity of insurance and protection of life and property and the fact that if they choose not to insure themselves, they accept a significant risk and bear the consequences.

Insurance is an act of consciousness and responsibility that allows the individual to secure himself against future risks by regularly paying a small amount of money, and transferring the risks and financial consequences to the insurance companies. The decision on the amount and type of insurance is influenced by the individual's income, consumption patterns, and the level of development of the society to which the individual belongs.



Investment is that part of our total disposable income which we choose to use to increase our income or wealth in the future by postponing part of our current consumption.

Borrowing is a process that allows people to buy and use goods and services today that they would not be able to do otherwise due to lack of money, by paying for them in the future with an additional cost. In other words, by paying progressively in future the amount they borrowed plus interest.

Important issues regarding borrowing are the purpose and the reasons people borrow, which should always be wise, the amount of capital they borrow, and the ability to repay. Similarly, lenders (usually banks) must approve or reject loan applications based on an assessment of the

borrower's credit history, the purpose of the loan, and its expected repayment potential in the future.

Typically, borrowers with a higher risk are charged with higher interest rates. In principle, this is applicable to all types of borrowers (individuals, businesses, and states). At this point, it is important to highlight that excessive borrowing poses significant risks and increases the chances of total or partial bankruptcy of individuals, organizations or states.

In a world characterized by great social and income inequalities, actions of solidarity that address the temporary or permanent needs of our fellow citizens, highlight the values of humanism.

These acts come from different sources and take various forms. Some people prefer to donate money, others to offer time and work as volunteers, and others to offer food, clothes or other goods.

Offering to charities, societies, and other institutions for various noble purposes, is not just for those who have lots of money. It is something we all should do and something that we should teach our children from a very early age, by providing the right example

If we can not support someone in need with financial support we can always give the very precious asset of our time.

-Hellenic Financial Literacy Institute, n.d.

The importance of taking informed decisions

The importance of taking informed decisions

Strong financial knowledge and decision-making skills help people weigh options and make informed choices for their financial situations, such as deciding how and when to save and spend, comparing costs before a big purchase, and planning for retirement or other long-term savings.

Financial knowledge and decision-making skills typically don't develop until adolescence and young adulthood. During these years, they become more relevant, especially for youth who start to earn money, buy things on their own, manage a bank account, or borrow for education.

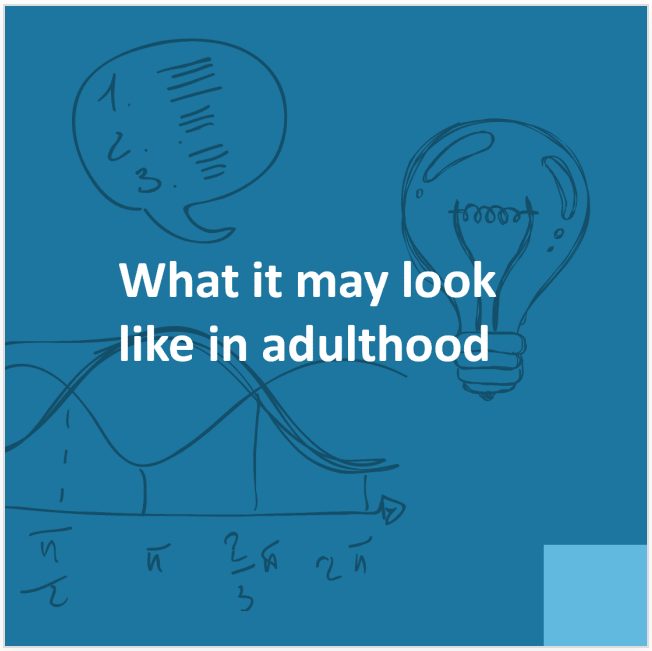
The following examples show what this building block looks like at three stages of development and how the skills and abilities relate to adult behaviour associated with financial well-being.

- Consumer Financial Protection Bureau, n.d.

Early childhood

(ages 3-5)

Has **early math skills** like counting and sorting. **Grasps very basic . nancial concepts** like money and trading.

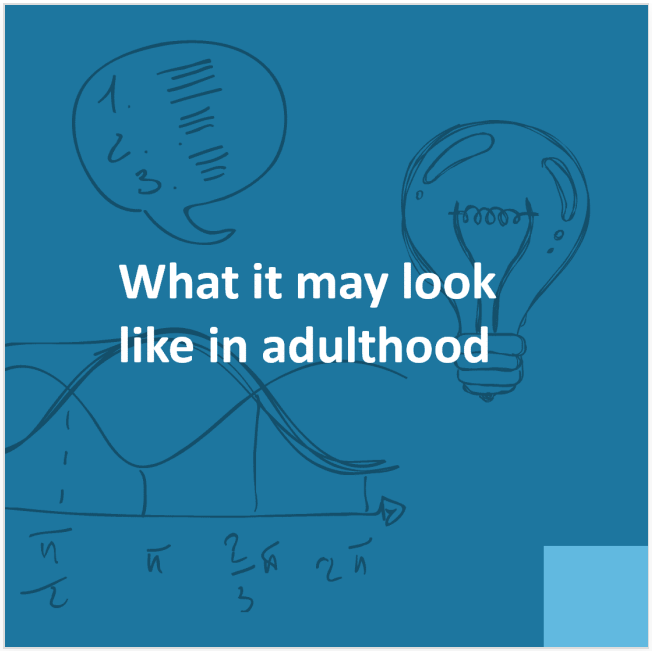


Calculates change owed at point of sale, categorizes spending for budgeting, tracks cash flow. **Estimates costs,** calculates discounts or sales tax.

Middle childhood

(ages 6–12)

Understands basic financial concepts.
Successfully manages money (like their allowance) or other resources to reach personal goals



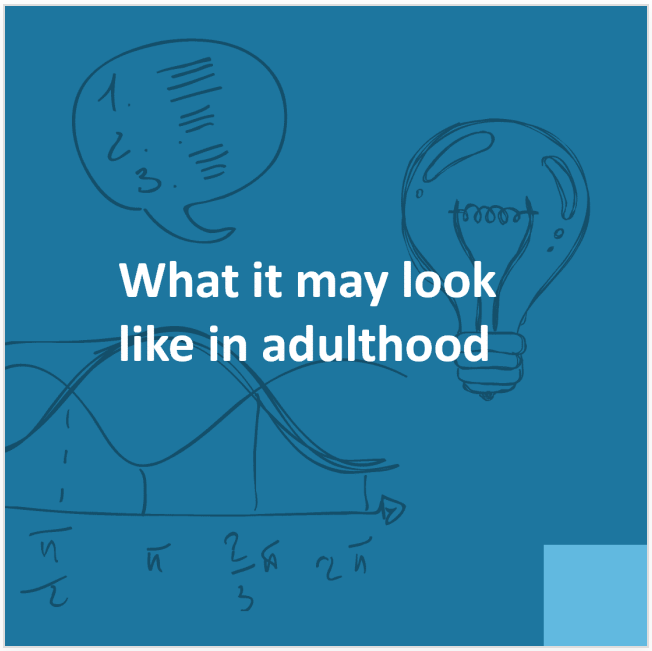
Has a realistic idea of how much things cost, saves a portion of earnings, pays bills on time, makes a budget

Spends to meet needs before wants, follows a budget, saves for big purchases or events (e.g., vacation)

Adolescence and early adulthood

(ages 13–21)

Understands advanced financial concepts and processes.
Routinely manages money or other resources to reach personal goals.
Identifies trusted sources of financial information and accurately uses them to compare and make decisions.



Understands risks and benefits of investing, uses credit wisely, manages debt.
Spends with values and goals for today and the future in mind, pays day-to-day and month-to-month expenses, saves for retirement, has financial flexibility to splurge once in a while.

Research shows that the following strategies can be effective to help people develop financial knowledge and decision-making skills:

-Consumer Financial Protection Bureau, n.d.

- Competency-based learning -

Student-centred learning that encourages students to progress toward well-defined benchmarks to give them a sense of mastery and ownership over the skills and knowledge they are learning.

- Direct instruction-

A structured, straightforward, teacher-directed approach that focuses on an explicit skill and typically includes a lecture, demonstration, or discussion.

- Personalized instruction -

Teacher assesses each student's needs, then tailors instruction to the individual student, including focusing and differentiating resources, strategies, supports, and pacing on that student's needs to individualize learning.

- Project-based learning -

A hands-on strategy in which students actively explore real-world challenges, answer meaningful questions, and

accomplish relevant tasks and, in doing so, are encouraged to make their own decisions, perform their own research, overcome obstacles, and present their work to others.

- Simulation -

Hands-on learning activities that use real-world scenarios to promote critical thinking and application of learning.

- Learning activities -

That nurture financial knowledge and decision-making should support young people's acquisition of factual knowledge, research and analysis skills, and deliberate financial decision-making.

- Financial coaching and mentoring -

Adults engage and encourage students (individually and in small groups) to develop financial capability and work toward financial goals.

- Financial simulations -

Educational tools or activities that replicate real-world financial management situations and allow students to develop skills such as budgeting, comparison shopping, and investing by making mock decisions that result in realistic consequences.

- Real-world case studies -

Stories that present realistic situations involving a dilemma, conflict, or problem to be negotiated or resolved by analysing and evaluating a range of information and weighing the consequences of different decisions.

Financial Planning Importance & Steps

Financial planning importance & steps

A financial plan identifies, organizes and prioritizes your financial goals, and then outlines the steps you need to take to achieve them. It can also lend some insight as to if you're on track to meet your financial goals or if you need to make adjustments to your spending. It may revolve around consolidating debt, opening bank or brokerage accounts, establishing a savings regime or building an investment plan

-Zhu, 2022

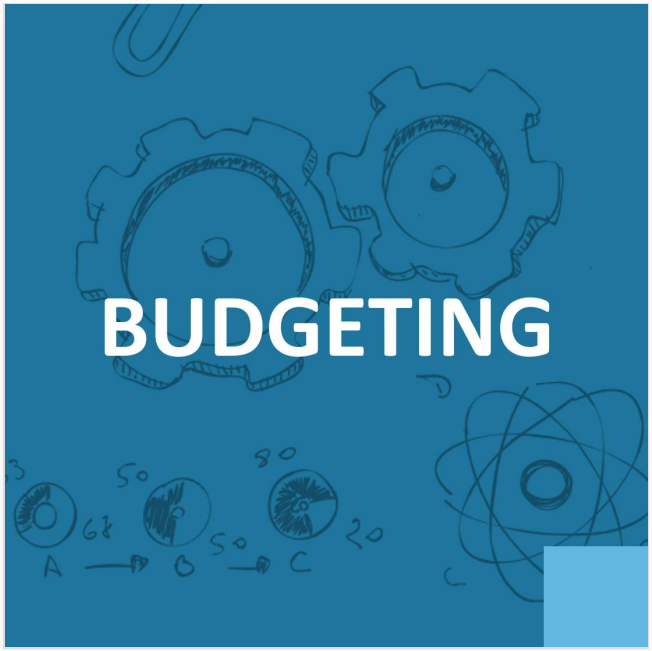
Financial plans can stretch over months, years and decades, depending on the time horizon of your goals. But through seemingly small steps, like having a monthly savings goal or investing a portion of your paycheck, your financial plan can lead to much better preparation for the future.

What are the essential components of a financial plan?

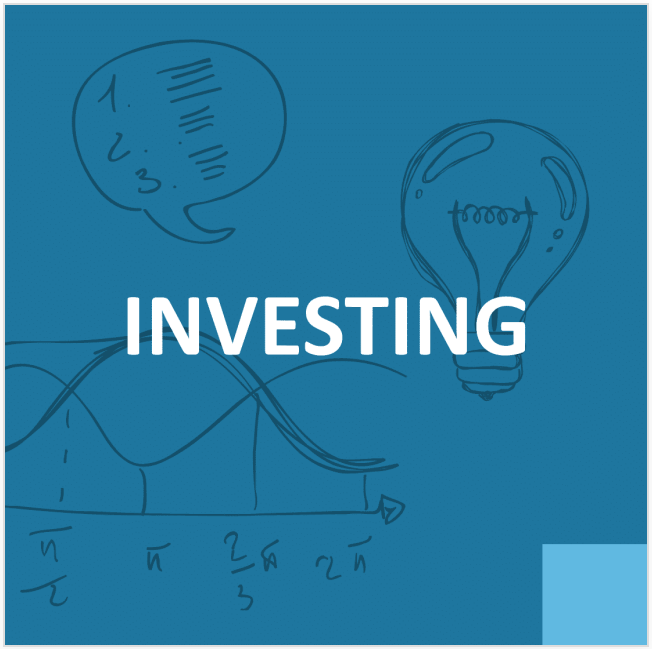
To create a proper financial plan, you will need to involve **multiple aspects of your financial life,** such as your tax returns, retirement accounts and investments.

There are a number of key elements that are typically involved in a good financial plan. Although they all affect your money in different ways, their cumulative effect dictates what your financial future will look like. Here are the financial categories and sub-categories to focus on:

- Zhu, 2022



Cash flow statement showing your income sources and expenses.
Balance sheet that reviews your assets and liabilities.
Positives and negatives of your **current financial situation**.
Education funding plan.



Investment portfolio return reports.
Asset allocation plans.
Overview of retirement account investments.

Post-retirement estimates.
Post-retirement **lifestyle plan**.

Estate/inheritance **tax estimates**.
Completed will.
Philanthropic gift planning.

Pension and Individual Savings Account (ISA) contributions.

Long-term care, disability and life insurance.
Beneficiary and **survivor benefit** plan.
Annuities.

How to write a financial plan?

You can write a financial plan yourself or enlist the help of a professional financial educator. The first step is to calculate your net worth and identify your spending habits. Once this has been documented, you need to consider short and longer-term objectives and decide on the ways to achieve them.

-Investopedia, n.d.

FIVE MAIN STEPS TO THE CREATION OF ANY IN-DEPTH FINANCIAL PLAN

Determine your financial **goals.**

Pull together any relevant documents and account statements that paint a picture of your current financial situation.

Create a short- and long-term plan to reach your financial goals.

Begin putting your **financial plan into practice.**

Adjust your financial plan as your life and goals change.

- Outline Your Financial Goals -

The first thing you need to do when putting together a financial plan is to **determine exactly what you want to accomplish.** Start by reviewing possible **short, mid and long-term goals and objectives.**

These might include **placing a down payment on a house, paying off your student loans or buying a brand new car.**

Look at your financial future as a whole when outlining these goals. All of your finances are connected, so don't just focus on

one aspect.

For example, when it comes to family planning, you may want to think about not only starting a university savings fund but also putting a down payment on a house.

- Collect Information About Your Finances and Investments -

Once you've established goals and gotten help if you want it, you can begin an overview of your financial situation. Include any assets, if you have them, such as **properties, investments, retirement accounts and loans.** Analysing all of this information provides a more accurate understanding of your current financial standing.

When you're collecting information, **start with consistent items like your rent or mortgage, utility bills and other fixed expenses.** Then look at your **spending history** to get an idea of what you normally spend on things like food shopping, entertainment, travel, clothes, etc. And of course, have a clear sense of your income, including your paycheck and any investment or rental income.

To calculate your current net worth, subtract the total for your liabilities from the total for your assets. Begin by listing and adding up all of the following:

Your assets: An asset is property of value that you own. Assets may include a home, a car, cash in the bank, funds invested in a pension scheme, and other investment accounts, in accordance with the financial instruments available in your region.

Your liabilities: A liability is something you owe. Liabilities may include outstanding bills, credit card debt, student debt, a mortgage, and a car loan.
- Investopedia, n.d.

- Construct a Comprehensive Financial Plan -

With your financial standing and goals defined, **you can start developing the actionable steps of your financial plan.** Most likely, this will include **saving money for retirement, an emergency fund or a big purchase.** Investing will also likely play a prominent role in your financial plan over the long term.

How exactly you invest will be up to your individual preferences and risk tolerance. You can consider working with financial advisor or educator long-term, **this can help you determine the best asset**

allocation between large and small-cap stocks, bonds, cash, and alternative investments for your preferences.

If one of your goals is a big purchase like a house or a new car, then you'll also want to include in your plan steps to build up your credit. **If your rating isn't where it should be though, part of your plan should be to focus on paying credit card bills and student loans on time and other methods for building up credit.**

Finally, if you have significant debt, part of your plan will be to pay it off. How exactly you will manage this, depends on your situation.

A financial educator can help with the financial planning process, offering recommendations based on your financial overview.

- Implement Your Financial Plan in Your Everyday Life -

Once you've created your plan, it's time to **put it into action.** It may be easier to start off small, rather than immediately jumping into the deep end.

For example, instead of saving half your paycheck at once, **start saving in small increments.**

The timeline of your financial plan can **stretch for years,** so there may not be any immediate results. **But stick to the steps outlined in your plan and you will reach those milestones in no time.**

It's important to follow the steps you set in your financial plan. However, it's just as important to recognize that **unexpected things do happen,** from starting a new job to having a medical emergency. Any situation that arises that you didn't expect can impact your finances, so you should make changes to your plan accordingly. That way, it can better reflect your financial standing.

- Periodically Revise Your Long-Term Financial Plan -

Financial changes may impact **your ability to reach your financial goals.** You'll want to **check on your plan to see if you can still meet those goals after those unexpected hurdles.** If not, you can easily change the plan. You can alter your timeline, set a higher savings minimum or change the goal altogether.

Meeting with your **financial educator every few months can be helpful.** If necessary, they can help make changes to your plan to steer you back on track. Be adaptable and open with your educator

when it comes to revising your plan according to new objectives or setbacks.

Financial planning with a financial educator

While it's certainly possible to craft a . nancial plan on your own, it's an exceptionally difficult process. **Financial advisors di. er from specialized professionals like estate planning attorneys, as they focus on a more holistic overview of financial planning**. They provide

not only an overarching gauge of your overall situation, but also extensive advice to help you meet your goals. **They can also help you create a tax-friendly plan.**

When choosing a . nancial advisor to build a financial plan with, look for those with designations certifications ensuring that the advisor has garnered the proper education and experience in the financial planning field.

- Zhu, 2022

The role of others in your financial plan

As you get to know yourself more and more, you will begin to recognise your finances are not only linked to your own life but also to the lives of the people around you. Family and friendly relationships affect and are affected by the way you manage your finances. This is why you should keep in mind your financial relationship with them when making your financial plan and setting your goals.

Parents

What’s your participation in the financial planning of your home, when you are an adolescent girl or a young

woman still living with your parents, but you have also started having your own financial concerns and interests?

Whatever your relationship with your parents, it is unwise to assume that they have all the answers needed and that you have no role to play in the family's financial future. This is why it is helpful to begin to **communicate openly** with them about financial issues.

The key issue is to **explore whether they are prepared to deal with some emergency or long-term medical need** and **self-support after retirement**, as well as what loose ends they will leave behind if one of them passes away.

You can try phrases like: **"I'd like to discuss an alternative plan in case or "I want to know what your wishes and priorities are, so I can better support you in the future".**
Finally, ask them to share with you the practicalities of safety. We all have a right to financial independence; taking it away is violent. If, for example, someone controls your money, creates debts in your name, puts you in debt, or takes your money away from you, prevents you from becoming financially independent and/or earning your own money, then they are exercising economic violence. This phenomenon is more common than you might imagine and it may often co-exist with other types of violent behaviour, physical or emotional. If you find yourself in such a situation, before entering into a conversation about money with the person who is being violent, you should be sure that your physical or mental health is not in danger.

If you know or suspect that your parents are not comfortable talking to you because they perceive that they are not well prepared, **do not embarrass them by insisting**. Rather, have a more general discussion about important things that everyone should know or useful steps that everyone, including you, should take.
If, again, your parents are completely unwilling to discuss anything about the topic, ask them to at least tell you if they have ever reached out to anyone to discuss their financial situation and if there is someone they should seek out in case of a crisis.

-women on top, n.d.

Partner

How to discuss financial issues with your partner?

1. Start with the **data you have at your disposal**: *What assets do you have at your disposal? What debts are you carrying? What are your incomes and common expenses? Do you have investments? How secure are they? What interest rates and hidden charges you may be paying on your cards and bank accounts?*
2. Draw on all the documents you have, as well as each other's knowledge and experiences, to **understand to a greater more in-depth understanding of your general financial situation**.
3. Make sure you are **as precise as possible in terms of how you will** "work together" practically. *Some couples decide that they will put all their income into a joint account, while others prefer to set up a joint account where each person contributes a percentage of his or her income, while maintaining separate individual accounts for personal expenses. Others, again, have no joint accounts at all accounts, but define in advance exactly who will pay what in the relationship.*
4. You need to **agree on something similar** in relation to your debts, namely if you are going to deal with them individually or collectively.
5. The same applies for the **assets you will acquire along the way**, if they will be owned jointly by both of you or shared in some way.
6. Agree on **a limit on the cost of purchases**: if either of you wants to buy something that exceeds this limit, you should first discuss it with the other person.

7. Feel free to share **your fears and concerns about money with your partner**, regardless of whether you think they are valid, realistic or funny. You will come to discover that he/she has his/her own, different fears and together you can discuss how these are reflected in your behaviour in relation to money. In this way you can also better understand why one of you may be acting the way they do, and together you can find better ways to deal with difficult times.

8. It is common for one partner to state "I don't know anything about this" and try to abstain from discussion and joint decisions. **Try to avoid this: even if you are not both equally active in managing your finances, you should at least be equally aware of the situation, difficulties, and progress.**

9. You will have to compromise, but that's not a bad thing. **Compromise is a tool that helps both of you to be heard**, to have an active role in your joint decisions and plans, and to make your relationship even stronger

- women on top, n.d

Friends

It's important to talk to your friends about financial matters, partly because this way you can break down the taboos that often influence our behaviour in these matters, and to gain a better understanding of your rights, obligations and prospects, and because your friends can be excellent allies in the effort to achieve your financial goals.

All you need is to share your vision and plan with them and, of course, listen to theirs. The goal here is not to get someone to tell you how you should live your life or to take on that role yourself. The goal is to share with

your friends your feelings and difficulties about money and, why not, to get some useful ideas about how you can handle a financial issue (women on top, n.d.)

If your friends are doing things that go beyond your financial means, you should just not compare your finances with your friends. Your friends are your friends for reasons that have nothing to do with how much money you make or how much you can spend. So, it's unlikely they'll stop wanting your company just because you can't go skiing with them or to that expensive restaurant, and if that happens, they probably don't deserve to be your friends.

From your perspective, you shouldn't take it for granted that those around you know how much money you earn or if you're struggling with something. If you don't tell them, it's very likely they won't figure it out for themselves, and all the while, you will have to come up with a bad excuse not to go out with them or go anyway, even though you cannot afford it.

So, it's worth to:

1. Explain to them that you're trying to reduce your expenses or saving for the X goal you have set for the next few years, so that you can give them that your refusal has nothing to do with them but with your own dreams for your life.
2. Start proposing ideas for things you can do together without a lot of money.
3. Explain to them that you won't mind if, sometimes, they do things without you that you can't afford.
4. Another idea is to "cut" your activities into pieces: if you can't go out for a drink with them, you can invite them to come to your house before they go to the bar

-women on top, n.d

If, conversely, a friend of yours points out that she cannot follow for financial reasons, you can respond by saying:

- *"I understand! If we can find cheaper tickets to the concert, would you prefer it that way, or you'd rather not go anyway?"*
- *"No problem! Do you want to, instead of dinner go for a walk to the park?"*
- *"I'm sorry things aren't better financially. Let's talk next time."*
- *"I'm sorry you're not coming with us, but I'm glad you're doing what's right for you"*
- *"I know it's expensive, but I really want to go. I suggest to pay the difference, I'd be happy to, what do you think?"*

-women on top, n.d

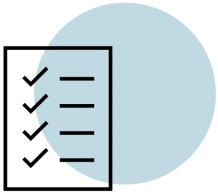
If a friend asks you to lend him/her money, only do so if you can accept the possibility of never getting them back. Lend only the amount of money that you have the financial margin to do so, in case you never get the money back. To avoid jeopardising your friendship, you should treat this loan as a gift. You shouldn't expect to get the money back, because that way the pressure on your friend will be psychologically unbearable. So, if you're counting on this money and you can't afford to lose it, it might be better to be honest with your friend and offer him/her an alternative to borrowing.

Setting financial goals (saving, investing, increasing income, reducing expenses/debt)

Setting financial goals

Setting appropriate financial goals requires a relatively high level of **financial literacy.** It's important to understand **the basics of finance,** including how to create a budget, the way taxes work, the difference between types of investments and various other personal finance topics that impact you.

Writing down clear, realistic financial goals will help you achieve them. Research shows that people who put their goals in writing and revisit them regularly have a better chance of achieving them.

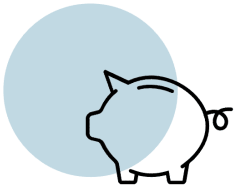


Easy to track

goals will keep you motivated to reach your intermediate and long-term goals, too.

Reviews

stay on track, occasionally sacrificing a night out or the next generation of that tech gadget everyone else is charging to their credit cards.



Decrease in stress

Here are some of **the most common financial goals people set:**

- ✔ Create and **stick to a budget.**

- ✔ Build up **an emergency fund.**
- ✔ **Get out of debt.**
- ✔ **Save up** for your retirement dreams.
- ✔ **Spend less** and **save more.**

Methods and tools for setting financial goals

Methods and tools for setting financial goals

"In the context of investment strategy, the Financial Industry Regulatory Authority (FINRA) defines the three types of financial goals as long-term (more than 10 years), mid-term (three to 10 years) and short-term (less than three years). Setting time frames for your goals will allow you to strategize more effectively and have a clearer view of your financial plan"

- Borwick, 2023

Long-term goals

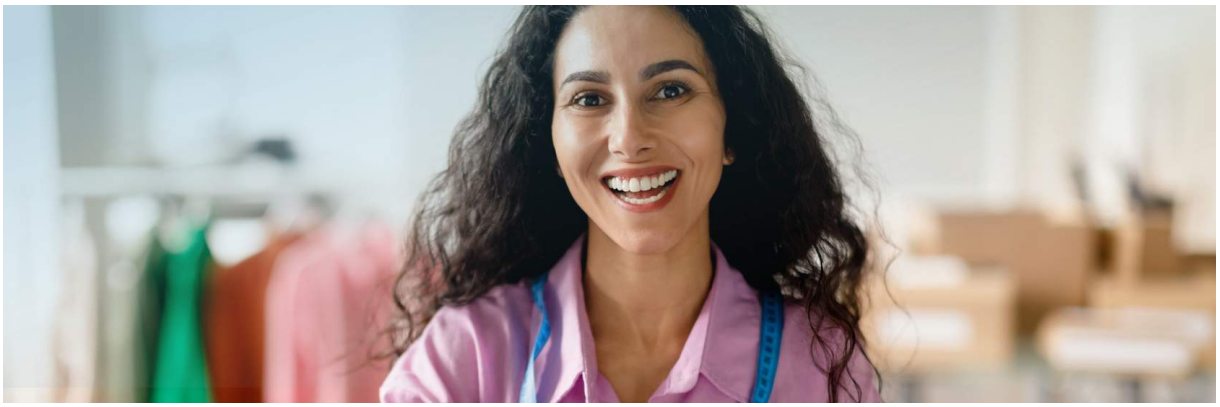
Long-term goals, such as ensuring financial security in retirement or paying off your mortgage, are further out on the horizon.

Your long-term financial goals often include several mid-term and short-term goals. It's always a good idea to break down large goals into smaller, more immediate goals.

Mid-term goals

Mid-term, or intermediate, goals may include endeavours such as saving the premium payment for an annuity that will provide you with lifetime income, improving your credit score or obtaining the capital to start your own business.

Each of these examples of mid-term financial goals has a time frame of three to ten years and is ultimately a stepping stone to a larger goal.



Short-term goals

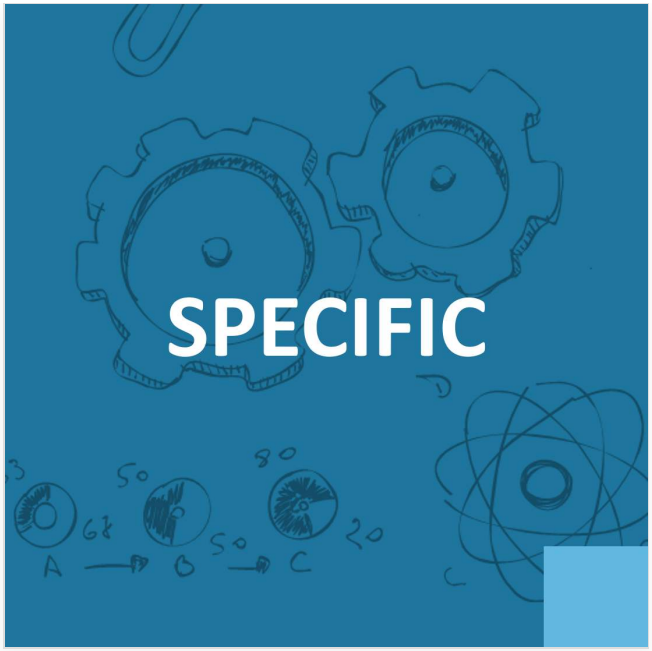
In addition to smaller, more narrowly focused goals that contribute to your long-term goals, you may also want to set short-term goals for things you'd like to afford in the near future, such as a

bathroom renovation or a trip to France.

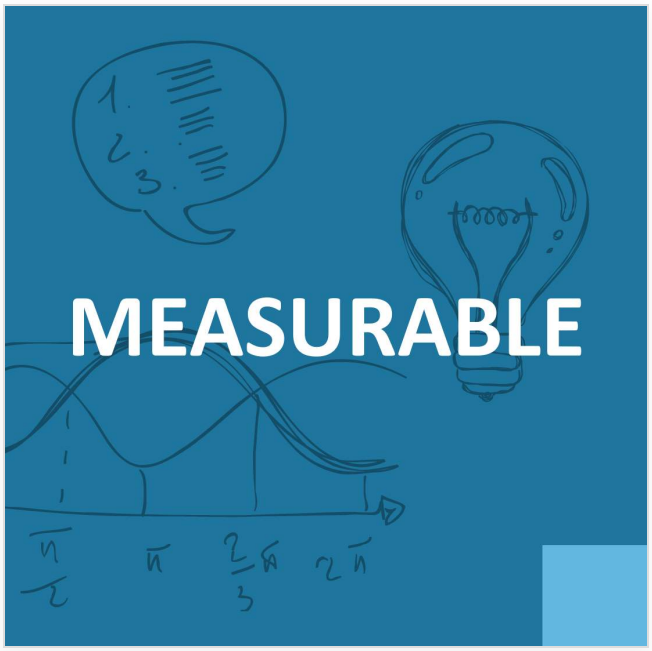
A great framework to use when creating a plan for financial goals is to ensure they are SMART. It's an acronym that says each of your goals should be specific, measurable, achievable, relevant, and time-bound.

- Borwick, 2023

Let's say you want to build an emergency fund. If you applied **the SMART principles,** here's what that would look like:

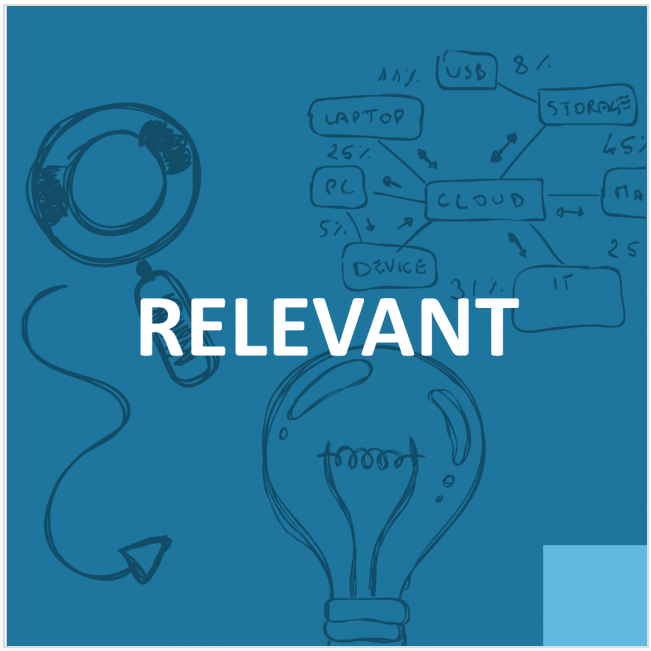


I want to build an emergency fund of €20,000.



I want to save €4,000 per year, which is €333 per month and €11 per day.

My budget includes up to €450 of disposable income that enables me to save the targeted amount of €333 per month.



According to my income and expenses over the past year, I should be able to achieve this goal.

I want to save €20,000 within five years.

Knowledge check

Knowledge check

Check your knowledge by answering the questions below.

Circle of money consists of 7 elements. **Mark them all:**

- [ ] Earning
- [ ] Consuming
- [ ] Saving
- [ ] Stealing
- [ ] Getting insured

- [ ] Investing
- [ ] Borrowing
- [ ] Lending
- [ ] Donating
- [ ] Rejecting

SUBMIT

Mark the important elements of a financial plan:

- [ ] It can't be flexible
- [ ] It organizes and prioritizes our financial goals

- [ ] It outlines the steps we need to take to achieve goals
- [ ] It has to be long-term

SUBMIT

There are five main steps to the creation of any in-depth financial plan.

Place them in the right order.

≡ 1.	Determine your financial goals.
≡ 2.	Pull together documents and account statements that show our financial situation.
≡ 3.	Create a short- and long-term plan to reach your financial goals.

≡ 4.	Begin putting your financial plan into practice.
≡ 5.	Adjust your financial plan as your life and goals change.

SUBMIT

WHILE PREPARING TO TEACH ABOUT FINANCIAL PLANNING MAKE SURE YOU CAN EXPLAIN:

1. basic concepts of the circle of money;
2. how to make a financial plan;
3. how to set financial goals that are SMART;
4. how to make informed financial decisions.

Workshop layout

In this chapter you will find exercises that **help you plan and deliver your workshop sessions.**

EXERCISE 1: DO YOU KNOW YOUR BUDGET?

TRAINING GOALS:

1. Learn how to make a budget plan.
2. Learn to calculate your income and expenses.
3. Become conscious of your spending habits and learn to save up for achieving future goals.

Module03-Excercise01.pdf
313 KB

EXERCISE 2: TO GET OR NOT TO GET A JOINT CREDIT CARD?

TRAINING GOALS:

1. Get familiar with credit cards.
2. Become conscious of the risk of having a credit card.

Module03-Excercise02.pdf
160.1 KB

EXERCISE 3: HOW TO BE SMART?

TRAINING GOALS:

1. Set financial goals that are SMART.
2. Learn how to best manage your savings.

Module03-Excercise03.pdf
165.2 KB

Additional self-study materials

Educational materials may differ in each country. We want to encourage you to familiarize yourself with the materials dedicated to your country.

1. Udemy's Personal Finance 101 course: lessons and tutorials on various personal finance topics, including building credit, filing a tax return, and navigating finances during life changes such as divorce or childbirth.

2. Credit Karma: a free site and mobile app offer information and tools to help you improve your financial literacy and achieve your goals.

3. Stash.com: a mobile app that offers a unique approach to investing, making it easy and accessible for anyone, regardless of their investment experience.

4. Mint: a personal finance app that helps users manage their finances by tracking their spending, creating a budget, and staying on top of their bills.

5. BadCredit.org: a financial education website that focuses on helping individuals with poor credit or no credit improve their financial situation.

6. CardRates.com is a comprehensive resource for credit card comparisons. The site features in-depth reviews of various cards, conveniently broken down by card features, necessary credit score, and issuer

7. EdX's Planning for Risk and Retirement course: a free, self-paced, online course covers insurance principles (life, property, and casualty insurance), retirement planning, and investment planning

8. Clever girl finance: website dedicated on empowering women to achieve financial freedom and take control of their finances, on the link https://www.clevergirlfinance.com/

Additional Exercises Ideas:

1. Financial Competence Framework for Adults in the European Union by the European Commission and the OECD on the link https://finance.ec.europa.eu/system/files/2022-01/220111-financial-competence-framework-adults_en.pdf

2. Financial Literacy Curriculum & Presentation Resources by National Financial Educations Council: https://www.financialeducatorscouncil.org/financial-literacy-curriculum/

3. Teaching Women Financial Literacy by National Financial Education Council on the link: https://www.financialeducatorscouncil.org/women-financial-literacy/

4. Consumer Financial Protection Bureau: https://www.consumerfinance.gov/consumer-tools/educator-tools/youth-financial-education/teach/activities/?q=&age_range=2

In order to close the module correctly, click the Save and close button.

SAVE AND CLOSE

Introduction

In this module, you will familiarize yourself with the **fundamentals of saving money**, which is an essential aspect of personal finance.

IN THIS MODULE WE WILL DISCUSS

1. The concept of saving money and its importance.
2. The significance of balancing consumption and savings for financial security.
3. Differentiating between emergency and rainy-day funds and developing a monthly savings capacity.
4. Strategies for investing savings and effectively managing saved funds.
5. Developing positive saving behaviour through planning purchases, avoiding wastefulness, and identifying and eliminating spending

leaks.

The objectives of this savings module are to empower individuals with the knowledge and skills necessary to develop a habit of saving money effectively and achieve their financial goals.

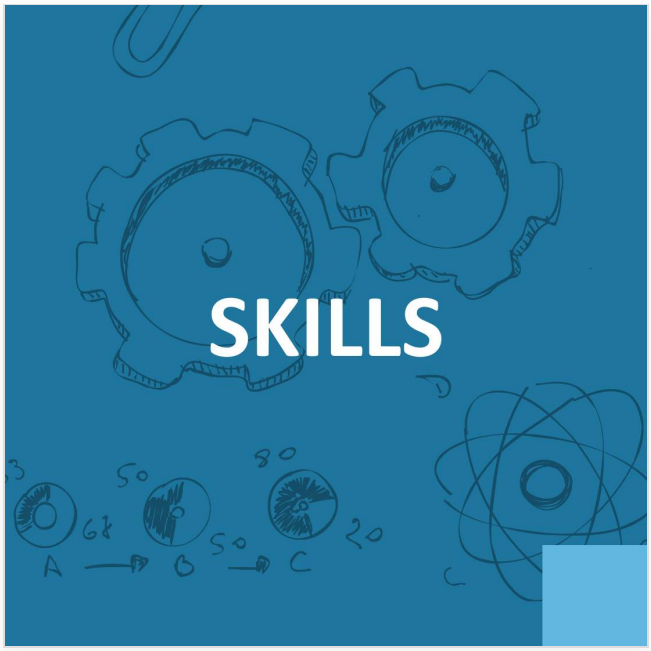
It will provide individuals with practical knowledge and skills related to personal finance and financial planning, which can help them achieve their financial goals and improve their financial well-being.

Learning Outcomes

Learning outcomes

By the completion of this module, **you, as a trainer,** will be able to:

Teach individuals various saving strategies, such as automatic savings plans, goal-based savings, and savings challenges. Teach about investment basics, including stocks, bonds, mutual funds, and other.

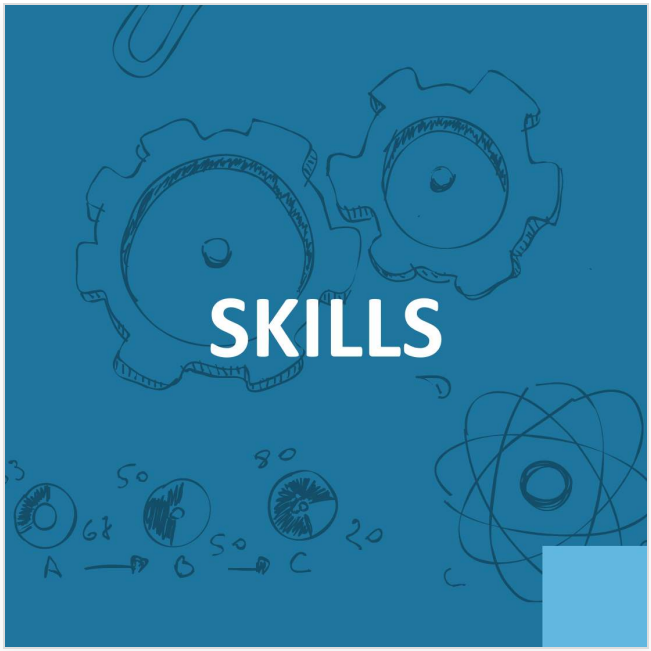


Provide guidance on how to choose the right financial products and services, such as savings accounts, and money market accounts.

Provide guidance on how to build long lasting savings habits.

Your **goal** is **for the participants** to be able to:

Understand the difference between savings and investments, and know about savings accounts that banks offer.



Save money and set financial goals.

Know the importance of savings and be familiar with different types of saving accounts.

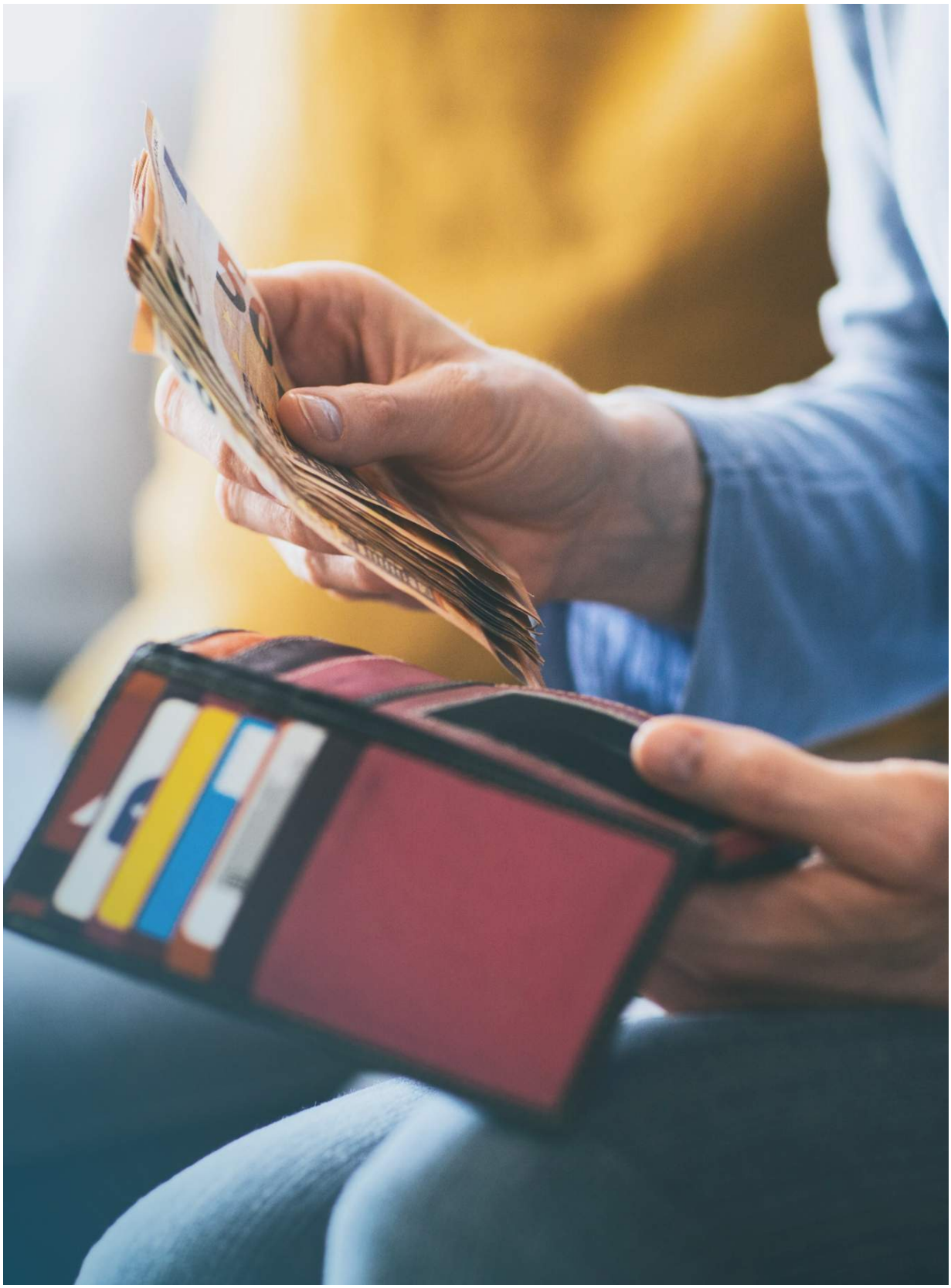
Ways of saving

The importance of saving

Saving money is an **essential aspect of personal finance** that many people often overlook. It becomes still more important when speaking about vulnerable people who find themselves in extreme economic and financial marginalization situations.

This marginalization worsened dramatically, mainly after the Covid-19 pandemic, when the massive implementation of technologies in everyone's daily life caused **the distancing of this particular group of individuals.**

Young women and girls living in challenging neighborhoods and precarious economic situations, not having the resources or the possibility to spend their time in front of the computer screen, found themselves isolated by the rest of society, and therefore their financial situation got worse.



Saving money can be an **e. ective tool to prevent poverty**, as it can help individuals and families build . nancial stability and resilience.

Saving can also help young migrant girls invest in education and skills that can increase their earning potential and **provide more stable employment opportunities.** This can improve their long-term financial stability and reduce the risk of poverty.

By building a financial cushion, investing in education and skills, planning for retirement, and investing in assets, young girls can work towards financial stability and empower themselves to actively participate in their communities' economic growth and life. Let's see how they can do that:

Building a financial cushion

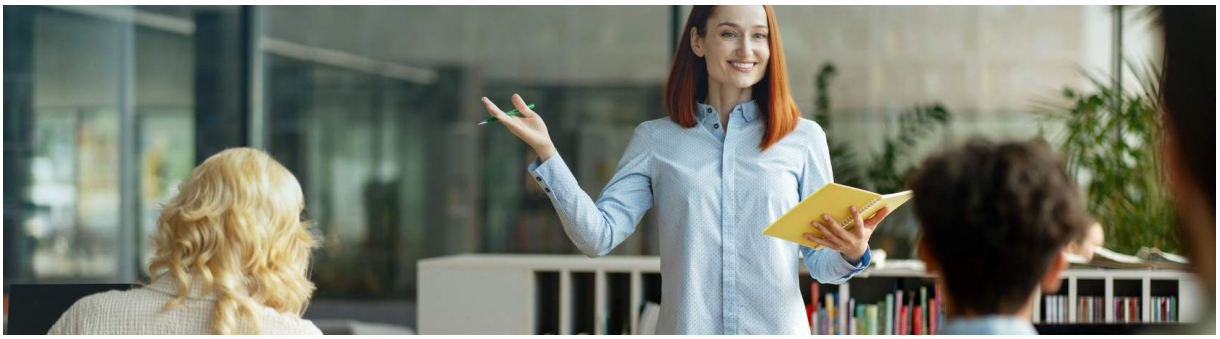
Saving money can help individuals build an emergency fund to cover unexpected expenses, such as **education costs or medical bills**. This can prevent them from falling into debt or relying on expensive credit options. Some examples of this may include:

- **Emergency fund**: By building an emergency fund, girls and young women can have a safety net to fall back on in case of unexpected expenses such as medical bills or car repairs. This can help prevent them from falling into debt or relying on high-interest credit cards.
- **Job loss:** In case of job loss, having a financial cushion can help young girls cover their basic expenses while they look for another job or pursue other opportunities. This can prevent them from falling behind on bills or getting into financial trouble.
- **Planning for the future:** Building a financial cushion can also help girls and young women plan for the future, such as saving for education or starting a business. This can give them the financial stability they need to pursue their goals and dreams.
- **Mental health:** Financial stress can hurt mental health. By having a financial cushion, girls can reduce stress levels and improve their overall well-being.

Investing in education and skills

Saving can help individuals **invest in education and skills to increase their earning potential and provide more stable employment opportunities.** This can improve their long-term financial stability and reduce the risk of poverty.

- **Increased earning potential:** By investing in education and skills, young girls can increase their earning potential in the long run. This can lead to more job opportunities and higher salaries, which can help them save more money over time.
- **Greater financial literacy:** Education can also help young girls become more financially literate and better equipped to manage their money. They can learn about budgeting, investing, and other financial concepts that can help them save money and avoid debt.
- **Better job stability:** Investing in skills can also lead to more job stability and reduce the risk of job loss. This can provide a sense of security and peace of mind, making saving money easier.
- **Entrepreneurial opportunities:** Education and skills can also open entrepreneurial opportunities for young girls. By learning how to start and manage a business, they can create their own source of income and have more control over their financial future.



Planning for retirement

Saving for retirement can help individuals **avoid poverty in their later years** by providing a source of income to supplement social security or other retirement benefits. For example:

- **Long-term financial security:** Planning for retirement involves saving money for the future, which can help ensure long-term financial safety. By starting to save at a young age, young girls can benefit from the power of compounding and have a larger retirement nest egg.
- **Reduced dependence on government support:** Saving for retirement can help young girls avoid relying solely on government retirement benefits, which may not be enough to provide for their needs. By saving for retirement, young girls can supplement their retirement income and reduce their dependence on government support.
- **Flexibility and choice:** Saving for retirement can give young girls more flexibility and choice in their later years. They can retire earlier or later, work part-time, or pursue other interests without worrying about financial constraints.
- **Reduced financial stress:** Planning for retirement can also help reduce financial stress and anxiety, as young girls can have peace of mind knowing they have a plan for their future.
- **Legacy building:** Saving for retirement can also allow young girls to build a legacy for their loved ones by leaving behind a financial cushion or assets that can be passed down to future generations.

Investing in assets

Saving can also help individuals **invest in assets** such as a home or a business, providing a source of income and increasing their financial stability over time.

- **Homeownership:** Investing in a home is often considered one of the most significant long-term investments a person can make. By saving and investing money in a home, girls can benefit from a reliable source of passive income, which can help them achieve financial stability. Owning a home can also give young girls a sense of security and stability.
- **Starting a business:** Starting a business can be risky, but it can also be an opportunity for young women to generate income and achieve financial independence. Investing money in a business idea they are passionate about can help young girls create a sustainable source of income and achieve financial stability in the long run.
- **Investing in stocks or real estate:** Investing in stocks or real estate can potentially yield high returns on investment. By investing in these assets, women can benefit from the power of compounding interest, which can help grow their savings over time. However, it's important to note that investing in stocks or real estate comes with inherent risks and requires significant research and knowledge.

Advantages of developing a habit of saving money

Saving money can be a powerful tool to prevent poverty by providing individuals and families with financial stability, resilience, and long-term planning options. It can help individuals build a financial cushion, invest in education and skills, retirement plan, and assets that generate income and wealth.

Moreover, saving money can provide young women with financial independence, emergency preparedness, long-term planning opportunities, investment possibilities, and increased financial literacy, contributing to their overall well-being and success.

Young women can experience several **advantages by developing a habit of saving money,** such as:

- Financial independence

Saving money can help young women become financially independent and less reliant on others for financial support. This can give them more control over their lives and help them pursue their goals and aspirations without financial constraints.

- Emergency preparedness

Saving money can provide young women with a financial cushion to cover unexpected expenses, such as medical bills or car repairs, which can help them avoid debt and financial stress.

- Long-term planning

Saving money can help young women plan for their future and achieve their long-term financial goals, such as buying a home, starting a business, or saving for retirement.

- Investment opportunities

Saving money can provide young women with the resources to invest in stocks, bonds, or other investment opportunities, which can help them grow their wealth over time.

- Financial literacy

Developing a habit of saving can help young women become more financially literate and aware of their financial situation. This can lead to better financial decision-making and increased financial confidence

Formal and informal ways of saving

Formal ways of savings refer to saving methods that involve using financial institutions or other established and regulated entities. They typically offer some level of security and may also provide interest on the money saved.

Examples of formal ways of saving include:

Saving account

These are deposit accounts offered by banks and other financial institutions that allow customers to deposit and withdraw money at any time. Savings accounts

Certificates of deposit (CDs)

CDs are a type of savings account that requires the account holder to deposit a fixed amount of money for a fixed period of time. In return, the account holder receives a higher

Retirement accounts

These are accounts specifically designed for saving money for retirement, such as individual retirement accounts. These accounts typically offer tax benefits

usually offer interest on the balance, which can help the savings grow over time.

interest rate than a regular savings account.

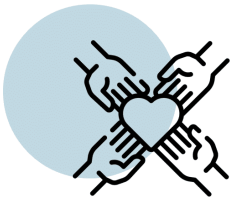
and may also provide employer contributions.

Non-formal ways of savings refer to saving methods that do **not involve using financial institutions or other established entities**.

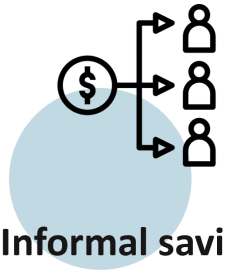
These savings methods are typically more informal and may offer a different level of security or interest than formal savings methods.

Examples of non-formal ways of saving include:

Piggy banks or jars



Saving with friends or family



Informal savings groups

influence others or show status.

financial future.

come together to save money regularly.

More about informal saving group

These are groups of people who come together to save money regularly, often for a specific purpose or event. Each member contributes a set amount of money at regular intervals, and the group may rotate who receives the funds each time. While this method may not offer interest or security, it can be a useful way to save money and build a sense of community.

Short-term and long-term goals on savings

Short-term goals

They can be achieved relatively quickly, usually within a few months to a year.

Short-term financial goals include **saving for a vacation, paying off a credit card debt, or building an emergency fund.**

- Saving $500 for an emergency fund within the next three months;
- Paying off a credit card balance of $1000 within the next six months;
- Reducing monthly expenses by $100 within the next two months.

Medium-term goals

They take longer to achieve than short-term goals, usually between one and five years. Examples of medium-term financial goals include **saving for a down payment on a home, paying off a student loan, or starting a small business**.

- Saving $10,000 for a down payment on a house within the next two years;
- Paying off a student loan balance of $20,000 within the next five years;
- Investing $5000 in a retirement account within the next three years.

Long-term goals

They take several years or even decades to achieve. Long-term financial goals include **saving for retirement, paying off a mortgage, or building a college fund for children.** These goals require a sustained effort over time and often involve making significant investments or sacrifices in the short and medium term.

- Retiring comfortably with a savings of $1 million within the next 30 years;
- Saving $50,000 for a child's college education within the next ten years;
- Paying off a mortgage balance of $200,000 within the next 20 years.

What does it mean to save money?

Saving money means **setting aside a portion of your income** and **putting it into a savings account** or **other investment vehicle** instead of spending it immediately.

Saving money allows us to accumulate funds over time, which can be used to meet future financial goals, such as purchasing a home, funding education, or preparing for retirement.

There are many **reasons why we should save money,** including:

- Emergency preparedness

Saving money can provide a financial cushion to cover unexpected expenses, such as medical bills or car repairs, which can help us avoid debt and financial stress.

- Long-term planning

Saving money can help us plan for their future and achieve their long-term financial goals, such as buying a home, starting a business, or saving for retirement.

- Financial stability

Saving money can provide us with financial stability and security, which can help us navigate economic downturns, job loss, or other financial setbacks.

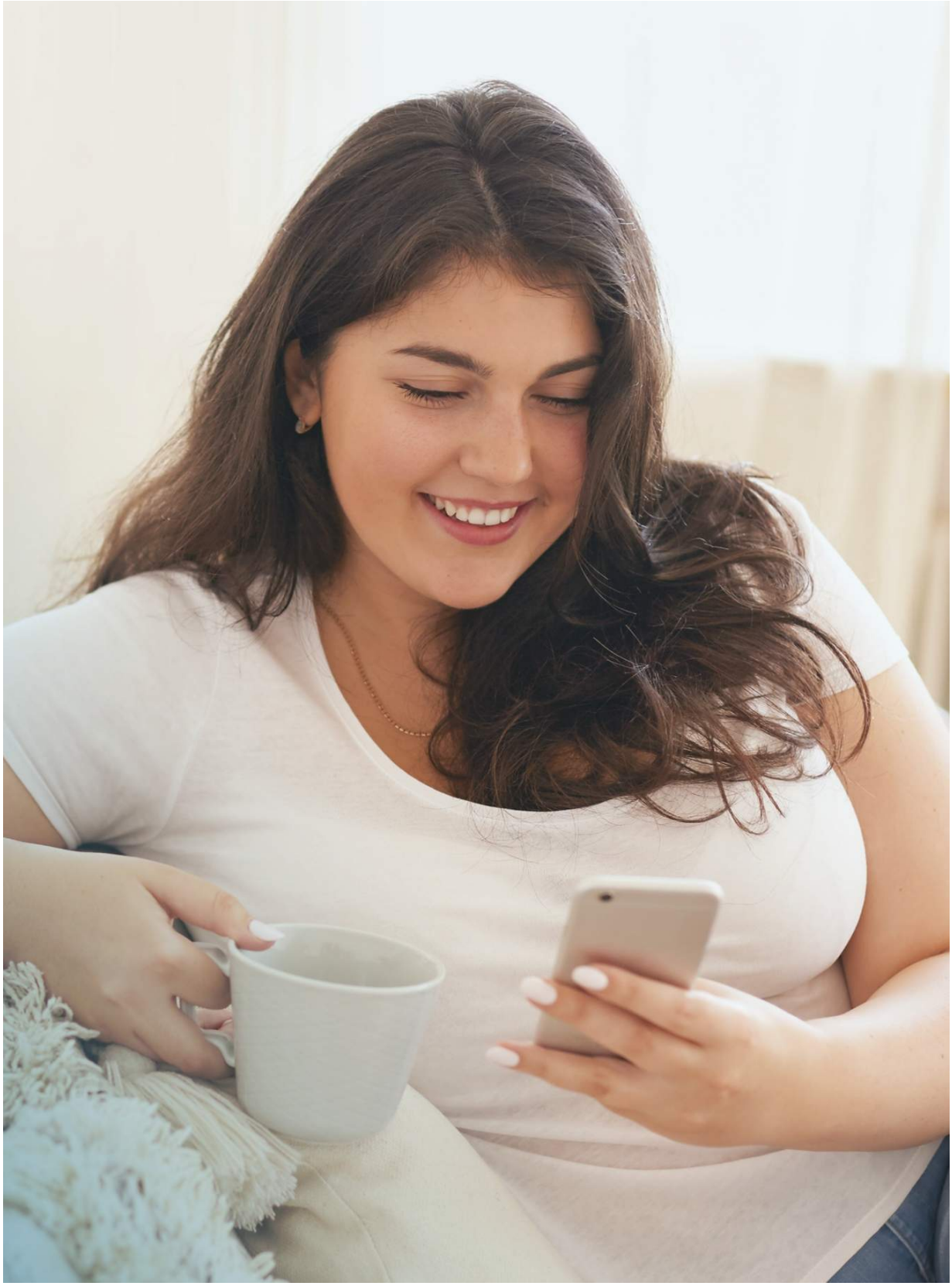
- Investment opportunities

Saving money can provide us with the resources to invest in stocks, bonds, or other investment opportunities, which can help us grow their wealth over time.

- Financial independence

Saving money can help us become financially independent and less reliant on others for financial support, giving us more control over our lives and helping us pursue our goals and aspirations without financial constraints.

How can young girls integrate automated ways of saving money?



Microsavings Apps

Microsavings apps are available that allow girls and young women to save small amounts of money at a time. These apps may offer features such as saving spare change, setting up recurring deposits, and earning interest on savings.

Examples of these apps include Acorns, Digit, and Stash. If young girls have access to an employer-matched retirement plan, they should consider taking advantage of it. This is a great way to save for retirement automatically, and the employer match can help the savings grow even faster.

Direct Deposit

Many employers offer direct deposit, which is a way to automatically transfer a portion of a paycheck directly into a savings account.

Young migrant girls can set up a direct deposit for a percentage of their paycheck to go into their savings account each pay period. This way, they can save without even thinking about it.

Automatic Transfers

Most banks allow customers to regularly set up automatic transfers from their checking account into their savings account. Young migrant girls can set up a weekly or monthly automatic transfer to ensure they consistently save money.

Round-up Apps

There are several round-up apps available that automatically round up purchases to the nearest dollar and transfer the difference into a savings account. Young migrant girls can link their debit or credit card to the app and watch their savings grow with each purchase.

These automated ways of saving money can help young migrant girls establish good saving habits without thinking too much about it.

We could think about different ways to save money. **Here you can find tailored solutions for**

young women and girls when it comes to saving habits:

1. Starting a savings account (depending on the services available in the country).
2. separating spending money from savings.
3. Keeping track of purchases (there are various applications on the smartphone to be downloaded and created with this objective, like Kakebo).
4. Asking parents/people they trust for advice.
5. Spending smart.
6. Getting a summer job or part-time job.
7. Setting goals for the near and far future.

The need for security

The need for security is an essential aspect of personal finance and influences how we approach consumption and savings.

While it is essential to enjoy life and spend money on things that bring happiness, we should also prioritize financial security by saving money and building a cushion to prepare for unexpected

expenses and emergencies. This may involve **setting financial goals, creating a budget, and adopting a long-term perspective** when it comes to financial planning.

VS

Immediate gratification vs. financial security

Balancing the desire for immediate gratification with the need for financial security helps us achieve a healthy orientation to consumption and savings. It gives us stability over time.

Consumer and **savings orientations** are two important concepts in marketing and finance.

CONSUMER ORIENTATION	SAVINGS ORIENTATION

This customer-centric approach involves **understanding the customer's needs and preferences and tailoring products and services to meet those needs**. The importance of consumer orientation lies in its ability to create customer satisfaction and loyalty.

By focusing on the customer's needs and preferences, businesses **can create products and services that are more appealing** to their target market. This can **increase sales, repeat customers, and positive word-of-mouth recommendations.**

A consumer-oriented approach can also help businesses **differentiate themselves from competitors** by offering unique products and services that meet the specific needs of their customers.

CONSUMER ORIENTATION	SAVINGS ORIENTATION
	It is a financial mindset that prioritizes **saving over spending**. A savings-oriented individual **tries to live within their means and save money for future needs, such as emergencies, retirement, or major purchases**. The importance of savings orientation lies in its ability to **create financial stability and security**. Individuals can avoid financial stress and uncertainty by setting aside money for future needs. A savings-oriented approach can also help individuals achieve them.

Monthly savings capacity

Monthly savings capacity is a crucial metric that can help us **gauge your financial health and plan for your future**. It refers to how much money **we can**

save each month after covering all necessary expenses.

Knowing our monthly savings capacity can help determine whether we live within our means. If we consistently spend more than we earn, we may be forced to rely on credit cards or loans to cover our expenses, leading to a debt cycle.

If we have a high monthly savings capacity, we have more financial flexibility and can use our savings to invest in our future, pay off debt, or cover unexpected expenses.

How to calculate our monthly savings capacity?

To calculate our monthly savings capacity, we need to **determine our monthly income** (salary, bonuses, etc.) and **subtract our monthly expenses** (rent, mortgage, utilities, food, transport, etc.)

Ideally, we should aim to save at least **20% of our income each month,** although this may not be feasible for everyone. 10% is also a great start.

If your monthly savings capacity is low...

You may need to adjust your budget to reduce expenses or increase your income.

This could involve cutting back on unnecessary costs, negotiating a raise at work, or starting a side hustle to generate extra income.

Monitoring our monthly savings capacity is an important part of financial planning. By understanding how much we can save each month, we can make informed decisions about allocating our money and planning for our financial future.

Knowledge check

Check your knowledge by answering the questions below.

What are informal ways of savings? **Mark them all:**

- [ ] Savings account
- [ ] Certificates of deposit
- [ ] Piggy banks or jars
- [ ] Retirement accounts

☐ Saving with friends or family

SUBMIT

What is monthly saving s capacity?

○ It refers to the amount of money that we can save each month after covering all of our necessary expenses.

○ It refers to the amount of money that you can spend each month after saving small amount.

SUBMIT

Match each term with the right examples.

Fixed expenses	Rent, mortgage, utilities.
Variable expenses	Groceries, gas, entertainment, clothing.
Periodic expenses	Annual vehicle registration, major car repairs, and holiday gift-giving

SUBMIT

WHILE PREPARING TO TEACH ABOUT FINANCIAL PLANNING MAKE SURE YOU CAN EXPLAIN:

1. importance of having savings;
2. formal and informal ways of savings;
3. what does it mean to save money;

di. erent types of savings.

Workshop layout

In this chapter you will find exercises that help you **plan and deliver your workshop sessions.**

EXERCISE 1: HOW TO CREATE A BUDGET?

TRAINING GOAL: **Learn how to create a budget.**

1. Materials needed: **papers and pens**
2. Training schedule: **2 hours**

Module04-Excercise01.pdf
181.7 KB

EXERCISE 2: HOW TO COMPARE PRICES?

TRAINING GOAL: Learn how to compare prices.

1. Materials needed: **papers pens, and laptop or mobiles with Wi-Fi connection - training**
2. Training schedule: **3 hours**

Module04-Excercise02.pdf
137.2 KB

EXERCISE 3: HOW TO BUILD AN EMERGENCY FUND?

TRAINING GOAL: **Learn how to build an emergency fund.**

1. Materials needed: **papers, pen**
2. Training schedule: **3 hours**

PDF

Module04-Excercise03.pdf
137.3 KB

EXERCISE 4: HOW TO CLASSIFY EXPENSES?

TRAINING GOAL: **Learning to be able to classify expenses for necessary and less necessary things and to be able to identify cheaper alternatives**

1. Materials needed: **sheets of paper; whiteboard or flipchart; post-it notes**

2

Training schedule: **45 minutes**

Module04-Excercise04.pdf
140.7 KB

Additional self-study materials

Educational materials may di. er in each country. We want to encourage you to familiarize yourself with the materials dedicated to your country.

There are many sources of materials available for self-study on savings. Here are a few suggestions:

Books:

1. “The Richest Man in Babylon“ by George S. Class
2. “The Millionaire Next Door“ by Thomas J. Stanley and William D. Danko
3. “Your Money or Your Life“ by Vicki Robin and Joe Dominguez.

These books cover various topics, from essential financial planning to advanced investing strategies.

Online Courses:

Websites like Coursera, Udemy, and Khan Academy offer free and paid courses on budgeting and retirement planning.

Blogs and Websites:

1. The Balance
2. NerdWallet
3. The Simple Dollar

These websites offer articles, calculators, and other resources to help you manage your finances.

Podcasts:

Podcasts are a convenient way to learn about personal finance and savings on the go. Some popular personal finance podcasts include:

1. The Dave Ramsey Show
2. So Money with Farnoosh Torabi
3. The Mad Fientist

These podcasts cover various topics, from debt reduction to early retirement planning.

YouTube Videos:

1. Graham Stephan
2. The Financial Diet
3. Dave Ramsey

These videos cover different topics, such as budgeting, saving, and investing.

In order to close the module correctly, click the Save and close button.

SAVE AND CLOSE

MODULE 2: DIGITAL FINANCE

Section 39 of 47

Introduction

In this module, you will familiarize yourself with the **information about digital financial products. We will show you how to manage them, and how to protect your finances in the Internet.**

1. Digital finances and financial products available digitally.
2. Online money management.
3. Online shopping.
4. Typical financial traps set by scammers online or by phone.
5. Cybersecurity in terms of personal finances: secured Internet, data and electronic devices.

In recent years, much of our lives transferred to the online world – **most people do their banking online, fees and bills are paid online, and many people shop online to get the things they need**.

Mobile and online payments are becoming more popular. Your online identity and accounts can do so much that you must keep **them secure and confidential**.

You can take several steps to protect your financial information and ensure that your cards and accounts never end up in the wrong hands.

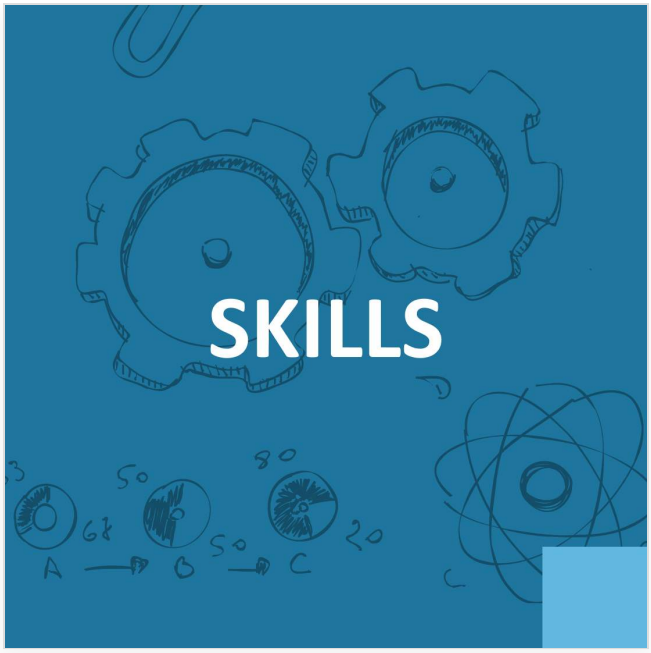
Depending on how you use the Internet and what sort of cards, accounts, and financial products you manage, there may be different things you'll need to do. Do as many things as possible to keep things safe and secure.

Learning Outcomes

Learning outcomes

By the completion of this module, **you, as a trainer,** will be able to:

Teach girls and young women about financial products available online, familiarize them with the practical ways to protect their personal data and identity on the Internet.

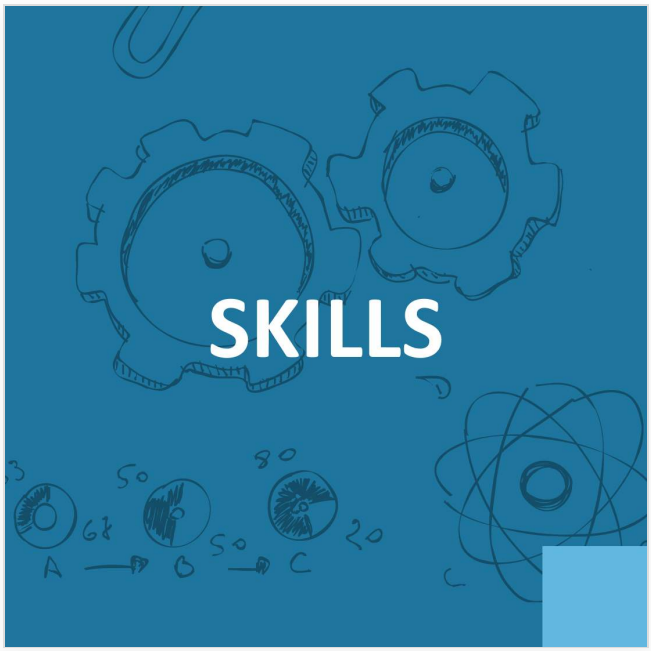


Provide guidance on basic principles of safe online shopping and typical traps set by scammers.

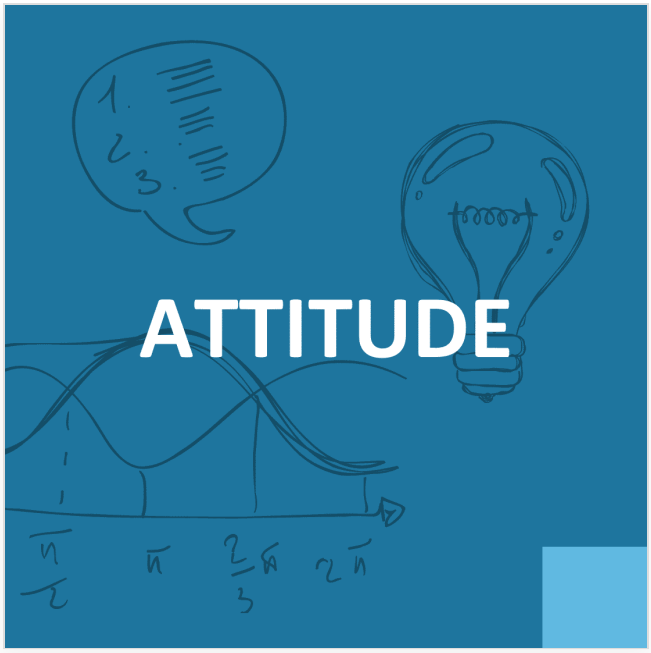
Encourage participants to use digital financial products. Create awareness of their benefits and ways to protect them from scammers.

Your **goal** is **for the participants** to be able to:

Understand how to improve safety of your finances on the Internet and where to turn for help if needed.



Identify common crimes they are exposed to online and over the phone.

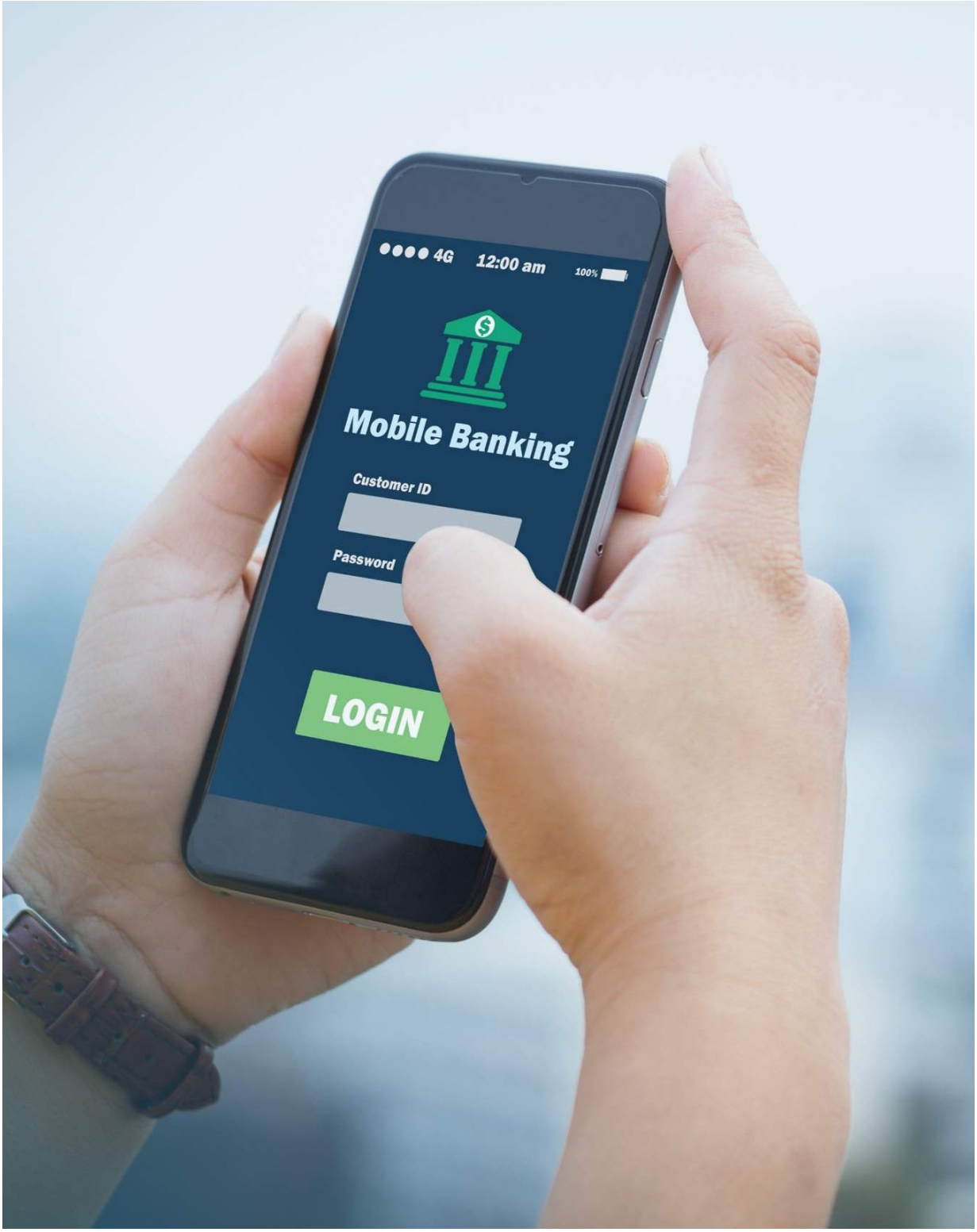


Understand that in the virtual/online world, great care and the principle of limited trust must be maintained.

Digital financial products and services

Digital finance means financial services are delivered digitally through **computers, tablets, and smartphones**. It has the potential to make financial services **accessible to underserved populations of girls and young women** in areas that lack physical infrastructure.

While technological innovation in the finance sector is not new, investment in new technologies has substantially increased in recent years, and the pace of innovations is impressive. **Customers now interact with banks using mobile technology**. We make payments investments and transfer money using various new tools that were not there a few years ago.



When did you last visit your bank or any other financial institution?

Everything is going digital and so are financial services. Gone are the days when you had to carry money when going out. **A mobile phone is sufficient to take care of all your daily financial needs.** All banking services are within your hand. There is no need to go to a bank to get your transactions done. **You can deposit, transfer, withdraw or invest money using digital devices.** Digital financial services have expanded greatly in Europe and around the world, and people have accepted them with open arms. Their convenience and safety prompt more users to move to these methods.

Artificial intelligence, social networks, machine learning, mobile applications, distributed ledger technology, cloud computing, and **big data analytics** have given rise to new services and business models by established financial institutions and new market entrants.

All these technologies can benefit both consumers and companies by **enabling greater access to financial services**, offering wider choice and increasing efficiency of operations. They can also contribute to bringing down national barriers and spurring competition in areas such as:

- online banking
- online payment and transfer services
- online shopping
- personal investment advice and services

- lending

Digital finance package

The European Commission adopted on 24 September 2020 a digital finance package.

The package includes a digital finance strategy, legislative proposals on crypto-assets and digital resilience, and a renewed retail payments strategy. The goal is to create a competitive EU financial sector that gives consumers access to innovative financial products while ensuring consumer protection and financial stability.

The package supports the EU's ambition for a recovery that embraces the digital transition. Digital financial services can play an important role in modernizing the European economy across sectors and turning Europe into a global digital player.

Find out more **here.**

What Are Digital Financial Services?

Cards

Cards are the most popular digital financial service used by a maximum number of people. There are debit, credit, and prepaid cards. The bank where the customer has an account issues a **debit card**. This card helps the person to **transact for various purposes**. Customers can use debit cards for the purchase of goods or payment for services. They can use this card through a POS device or on a website or over a mobile phone. The amount paid using a debit card is immediately debited from the person's account.

Credit cards are issued by banks too. These cards help customers use more money than what is available in their bank accounts. You can also purchase goods or services similar to the debit

card. There is a limit to which cardholders can avail of credit from the bank. They must repay the money within a specified time. You can withdraw money using this card.

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 card's expiry date. The payment card allows the customer to make non-cash transactions, i.e., payments without cash.

ATMs

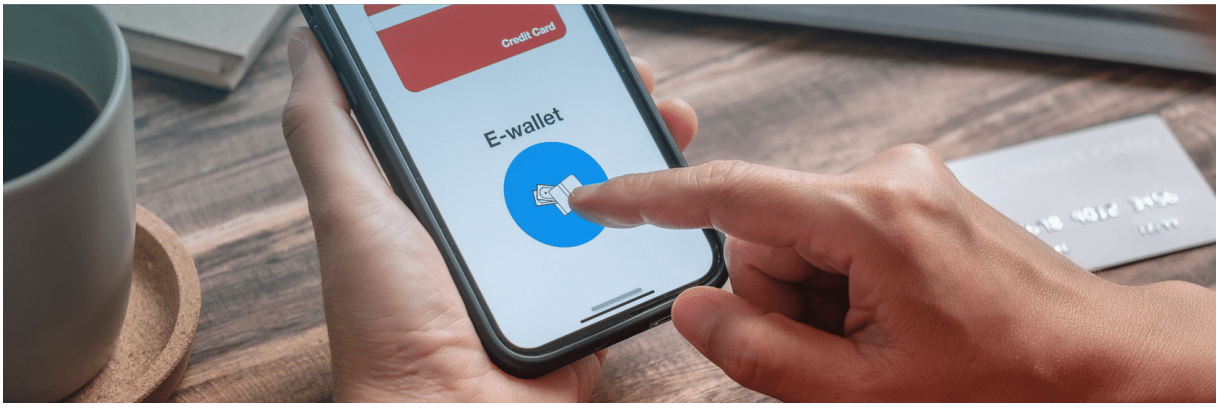
ATMs are kiosks that help people to do financial transactions. They are specific for different banks, though most machines **allow using any debit or credit card to withdraw money.** ATMs make it unnecessary for people to travel to the banks. Moreover, there are no long queues like that in a bank branch. These centers are available in almost all major areas of a city. You don't need a bank statement. It is another of the older digital financial services that have helped people urgently need money.

Customers can get various other services at ATMs. They can **deposit money** into bank accounts using a debit card or registered mobile number. **Knowing the account balance** and **getting a mini-statement** of the transactions is also possible. Customers can use these machines to **transfer funds** and **deposit money into other people's accounts**. It almost serves all the purposes of a bank branch without the hassle of having to go to the branch. Customers can use these machines to transact in any bank account. In many ATMs, they can also get their **passbooks printed**.

E-Wallets

E-Wallets are applications that help **you pay for shopping, transfer funds and track your payment history**. It helps store all financial information. One doesn't need to carry a wallet. You can use the wireless capabilities of the mobile device to make financial transactions.

It is also possible to store card information in e-wallets to make purchases. The difference between this and UPI is that this is not linked to your bank account, and one must load money into the wallet for payments. It is another one of the most popularly used digital financial services.

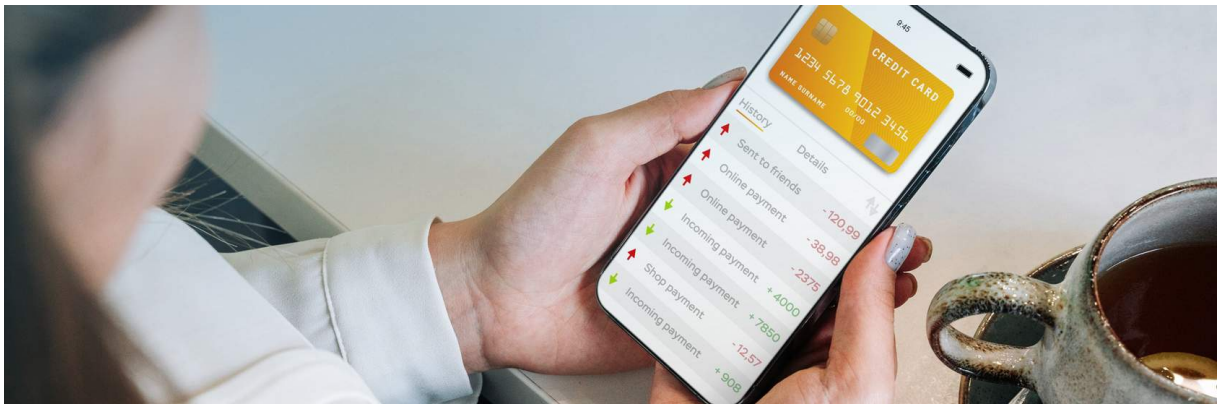


PoS Terminals

These are devices that we commonly see at **supermarkets and pgas stations**. Though we may not know them by this name, we use them regularly. These are the machines that you **swipe credit or debit cards in**. These devices were manual ones with card details imprinted on receipts and the customer's signature taken on them. Over the years, these have been digitized, and using them has become very simple. In most modern machines, one doesn't need to swipe–cards with wireless access must be placed near these machines to complete transactions.

Internet and Mobile Banking and Apps

Most banks today allow you to log in to your account on **a desktop, laptop, or mobile phone**. There are dedicated apps for these banks where you can perform a variety of transactions.
Most mobile banking apps also boast a **UPI (Unified Payments Interface)**. Customers of the bank can **make payments for shopping using the mobile app**. One can also pay for various services from the banking portal. You can know your account balance using the mobile banking app. With the introduction of many other more accessible digital methods, using digital financial services through the bank's app or website is reduced.

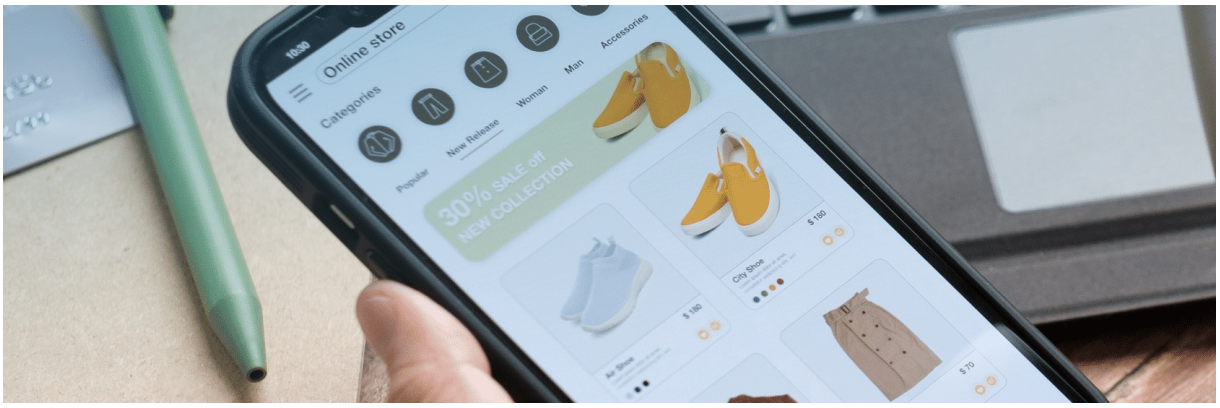


The Advantages Of Digital Financial Services

Financial inclusion

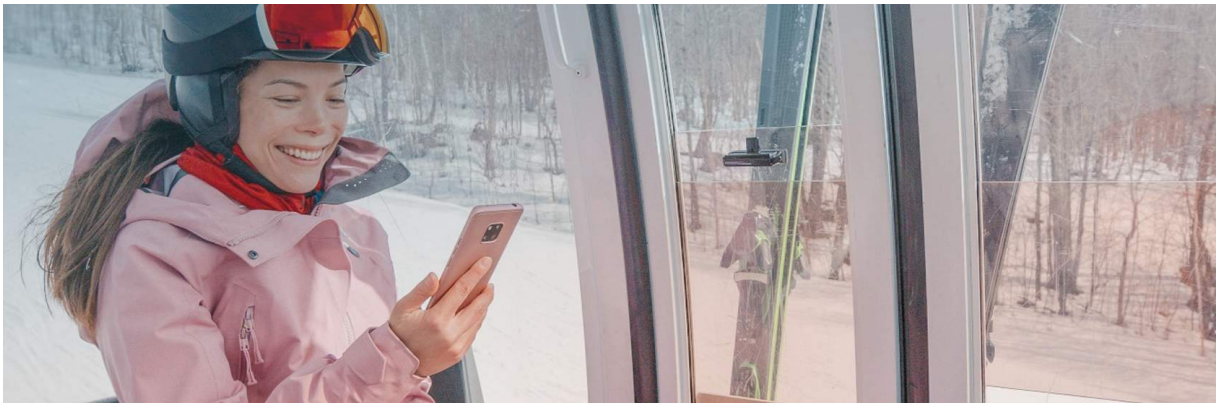
Before the introduction of digital financial services, a large number of people had no access to banks or their services. **Thanks to digital services, most of these people have been included in the official banking system.**

Banks can offer people in remote villages many services even without a branch. People can transfer funds using mobile devices. They are also able to purchase things online using digital platforms. They can know their account balance and use bank applications to use many savings facilities.



Easier transactions

With the introduction of digital financial services, everything can be done from wherever you are. There is no need to find a branch to do your transactions.



Transfer funds quickly

Whether you want to transfer cash to a friend in need or give your share of a dinner bill, **mobile apps allow you to do them quickly**.
In most cases, one doesn't even have to know the receiver's bank details. All you need is the phone number of the person. **These transfers happen within seconds**; your friend can use the money immediately. You don't have to go through cumbersome paperwork to give money to someone. Digital financial services make the transfer of funds easy and quick.

Modern technology is found in almost every sphere of life. But where it is being used the most today is in **financial services**. Even people who are not tech-savvy can use simple digital financial services on their mobile phones. It costs less and is much safer than physical transactions. More people avail of banking services thanks to digitalization.

The basic principle of using financial products is to use (whether on the Internet or in the real world) only those that we understand.

SUMMING UP

Digital financial products are worth using; we recommend it! They save us time and make things safer. We can use them at home and don't act under pressure.

However, if our computer, mobile phone and Internet connection are not adequately secured, people – fraudsters can access **our very sensitive data.**

IMPORTANT!

We encourage you to use electronic banking. Remember the importance of frequently analyzing your bank statement, identifying all transactions there, and monitoring the funds available on the account or individual sub-accounts if you have any.

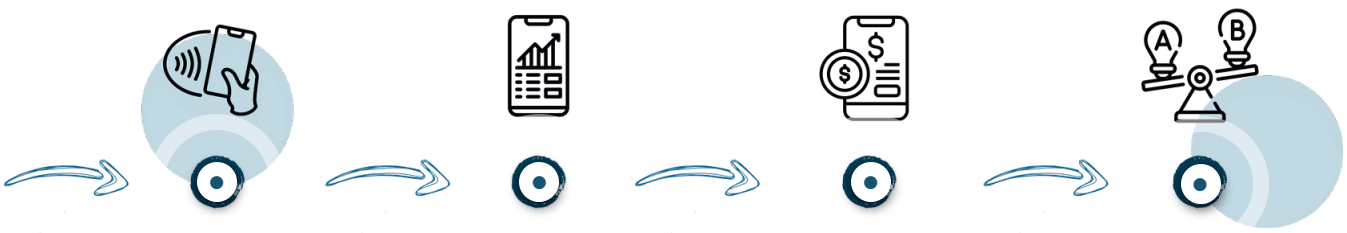
Online money management

Managing your money online is taking care of your finances using online or digital channels like **online banking, budget planning and investment apps and investment apps.** You can manage:

- Budgeting
- Savings
- Investing
- Spending
- Debt

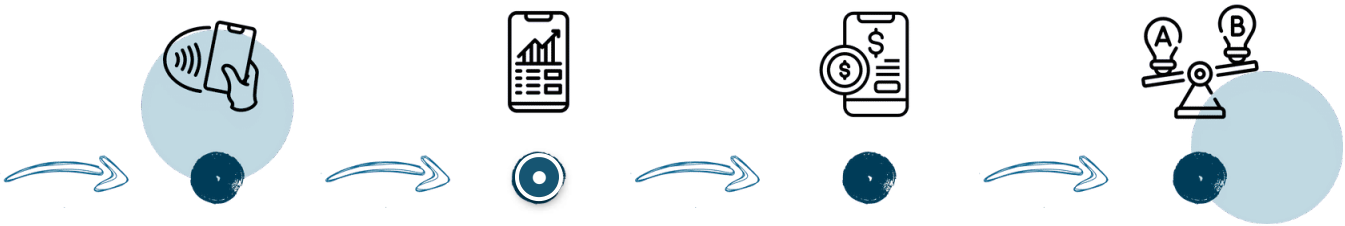
Online money management tools

Many things we previously had to do in person or via the post have changed. **Traditional banking methods, such as waiting for paper statements, loan applications, and making transfers, can now be completed online**. Let's take a closer look at some of the services available to help you manage your money online:



Mobile and online banking

Online and mobile banking allows you to interact with your finances daily, giving you more control. Depending on your bank's services, you could apply for a loan, set up spending alerts, and budget for life events. You might be able to set saving goals and see your spending categorized so you can identify where you need to make changes.



Personal nance software apps

Personal finance software and apps can help bring to life your financial situation by collating all of your financial information in one place to give you a clear view of what you're spending your money on and how you can reach your financial goals.

Some personal finance apps charge users, so do your research first.

Budgeting software

Many tools are available to help you budget in a way that suits you, allowing you to keep track of your spending closely, avoid spending more than you have, and help you achieve your financial targets.

Comparison sites

Although not technically a tool to help you manage your finances, price comparison websites can help you make important decisions about your money. You can compare various services, including bank accounts, energy suppliers, and mortgages.

Mobile banking uses a dedicated **app on your smartphone or tablet. Online banking** is a digital banking platform that allows you to access your banking using a **web browser.**

Once you're registered for online banking, you might be able to do some of the following:

- View statements

See what's coming and going from your account, just like a paper statement, but with bonuses, like being able to instantly search and . nd things such as payments made on a specific date or a set amount.

You should be able to search for older statements so you can get a more detailed view of your finances should you need it.

- Manage regular payments

You can manage your standing orders and direct debits using online banking.

Setting up regular payments is a great way to make sure money that needs to go out at specific times doesn't get forgotten.

- Open new accounts

You can apply for or create new accounts through online banking.

Having multiple current accounts can help you separate your family's and your money. Individually named savings accounts can be helpful if you're saving up for various things.

- Transfer money

Move money between your accounts, or quickly make payments to someone else in the UK or overseas.

- Get alerts

Having a reminder every time money goes in or out of your account can be helpful.

You can set alerts on your phone to let you know how much and when you're spending money or when you have money in your

account so you know when you can a. ord to go shopping.

- Pay bills

Pay your outstanding invoices or make additional payments to businesses easily, including utility bills you don't pay regularly or one-off bills like a boiler repair.

- Borrow money

Depending on your circumstances, you can apply for a credit card, loan, or overdraft using online banking.

Remember about security!

Whether you're new to online banking or a regular user, it's important to ensure you're up to date with how to stay safe and secure when managing your finances online. **Here are some things to remember:**

1. **Safe account scam:** no genuine bank would message you to transfer money to a 'safe account'. Ignore anyone who asks you to do this, whether it's by phone, email, or any other method.

2. **Protect your PIN:** never give out your PIN number, passcodes or Online Banking passwords and other full passwords to anyone.

3. **Create a strong password:** mix numbers, letters and other symbols. Try a memorable phrases!

4. **Be careful when clicking links:** If you receive a link in any unsolicited emails or text messages you weren't expecting, or you have any doubts about a suspicious email or text you receive - don't click on any link (or open attachments) and report it if you can.

5. **Avoid 'remote access':** don't let someone you don't know have access to your computer, especially remotely over the phone.

6. **Always double-check:** If you're not sure you're safe or something feels unusual, remember always to check, act with care, and never share.

Online banking management tips

Online banking and digital money management tools can help you control your finances.

ESTABLISH YOUR BUDGET

PAY BILLS ON TIME

If you run out of money at the end of each month, or if you regularly face charges for exceeding your limits, it's worth creating a **monthly budget plan**. It'll help you understand what's coming in and out of your account so you can stay in control and plan for the future.
Making a budget plan can also help you **spot areas where you can save**.

If your income is low or has been reduced due to a change in circumstances, you may be entitled to claim benefits to give you some extra support.

ESTABLISH YOUR BUDGET

PAY BILLS ON TIME

Once you've created a budget, there are things you can do to organize and take control of it. It can be helpful to pay your bills.

Falling behind on payments or only making minimum payments on your credit card could quickly get out of control, leaving you owing more money than you realized. It's worth keeping a **close eye**

on your . nances and seeking help at the first sign of trouble. Many expert help is available to support you if your debt is out of control.

Safe online shopping

12:30

Online shopping is a great facilitation in buying the needed products. **As a rule, we will find products there at a lower price than in traditional stores.** When shopping online, **we have time to analyze a given purchase** and **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 worth giving yourself time and making a purchase without hurry, **paying attention to the characteristics of a given product**, and not just looking at a photo that can be taken so that it will mislead us.

It is worth using the principle of **WATCH ONLINE, BUY OFFLINE** if you need more than searching the Internet.

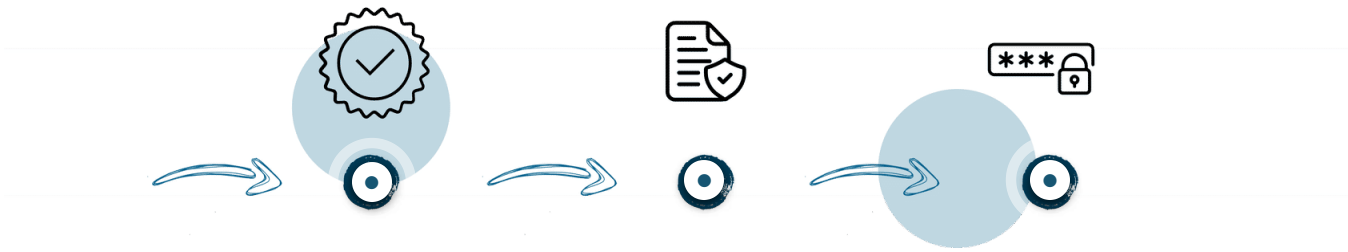
When to use this shopping model?

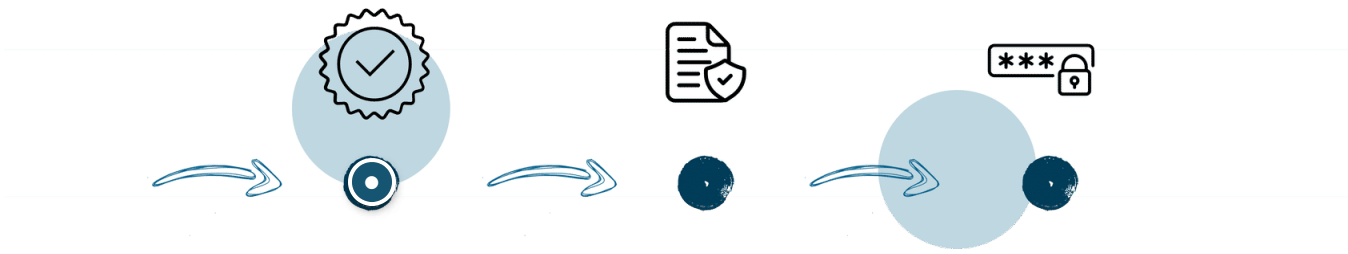
1. When you are dealing with a **complicated product, you have little knowledge about**, e.g., a camera. You can look for information online and then have an in-store discussion with a specialist about the model you have pre-selected.

2. When you want to know **what other customers say** about the product before you buy it.

3. When you want to **compare the prices of goods**. Make sure to add shipping costs – sometimes, it significantly increases the final purchase cost.

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

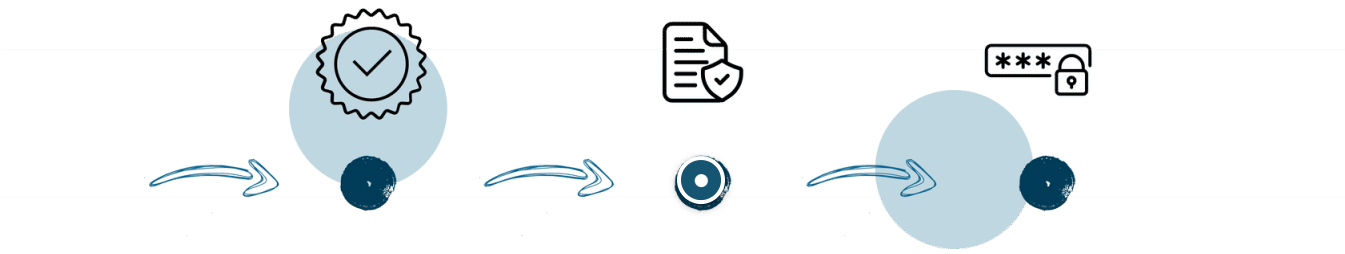




Credibility

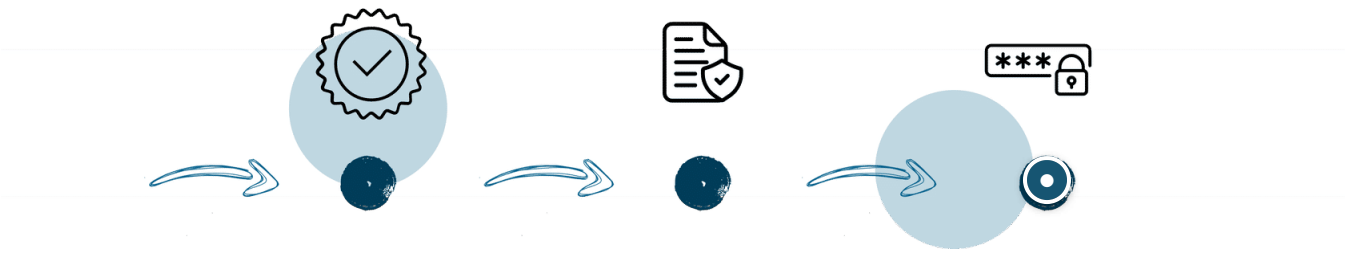
Check the credibility of the online store. According to the law, the e-shop's website should include the company's name, the address of the registered office, e-mail, and information about the authority that registered the business activity. This may vary depending on the country in the EU.

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.



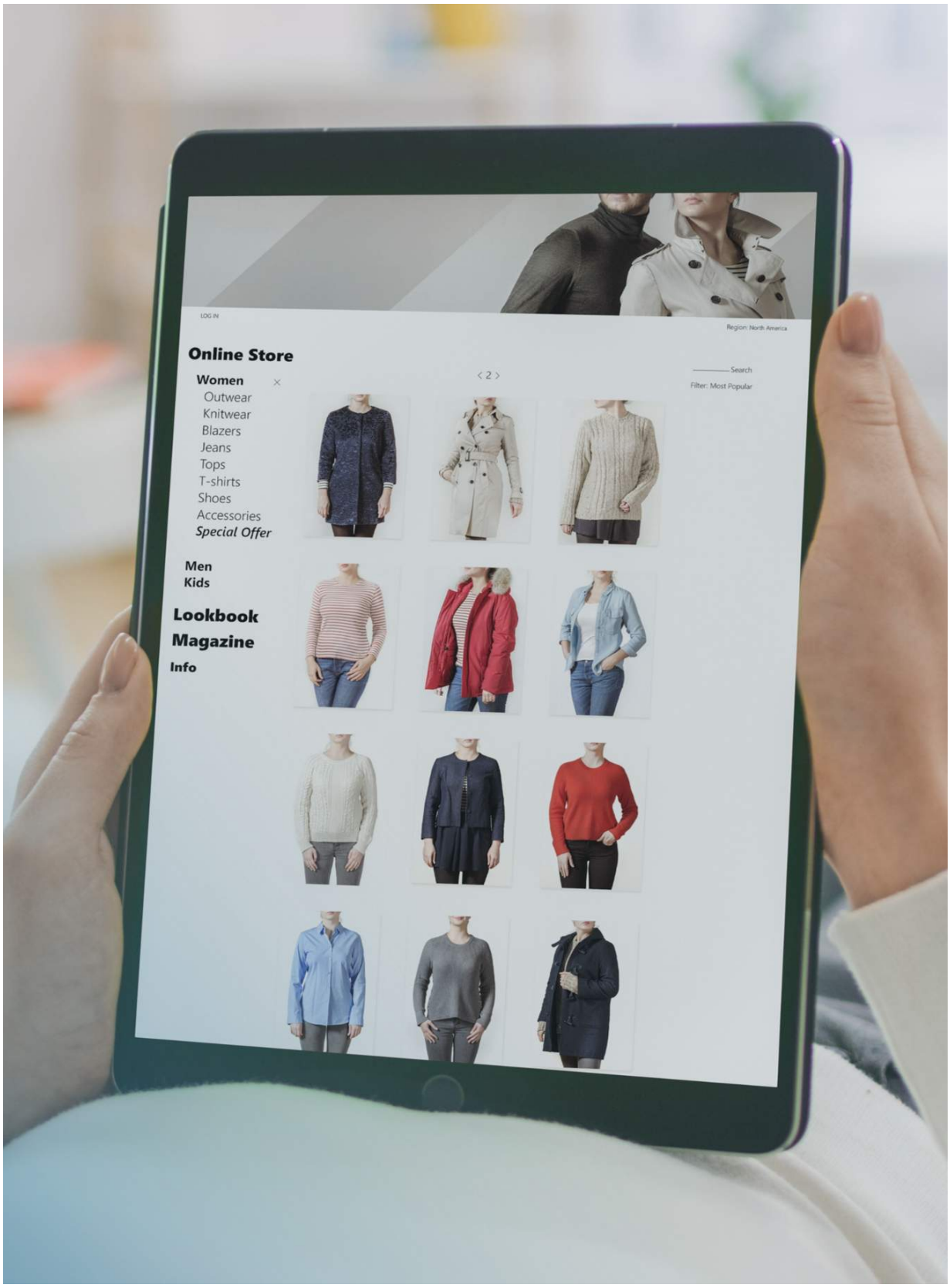
Terms and conditions

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



Password

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 hackers will not steal the store's databases and where your data will go.



Benefits of an account in a specific online store

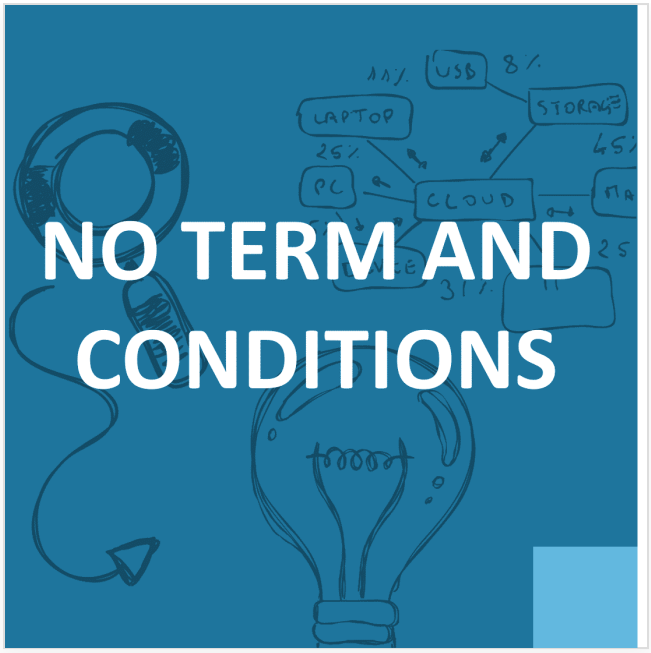
- Track your current order and access your order history.
- Access your data for modification and management, e.g., adding another delivery address.
- Benefit from a buyer protection program to mitigate risk, provide a refund for lost funds, or help resolve a problem with the seller.
- No need to enter 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 programs, receive rewards, discount coupons.
- Access to newsletter settings, e.g., enabling/disabling this option, setting interesting topics, or dispatch frequency.

If you **shop online impulsively because you see something in a newsletter, unsubscribe from the newsletters.** You will not be informed about the next opportunity that escapes you and this will save you some money!

What should make you vigilant while shopping online?

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.

Never enter your card PIN online, e.g. to confirm an online payment transaction.



Always read the store's terms and conditions before making a purchase.

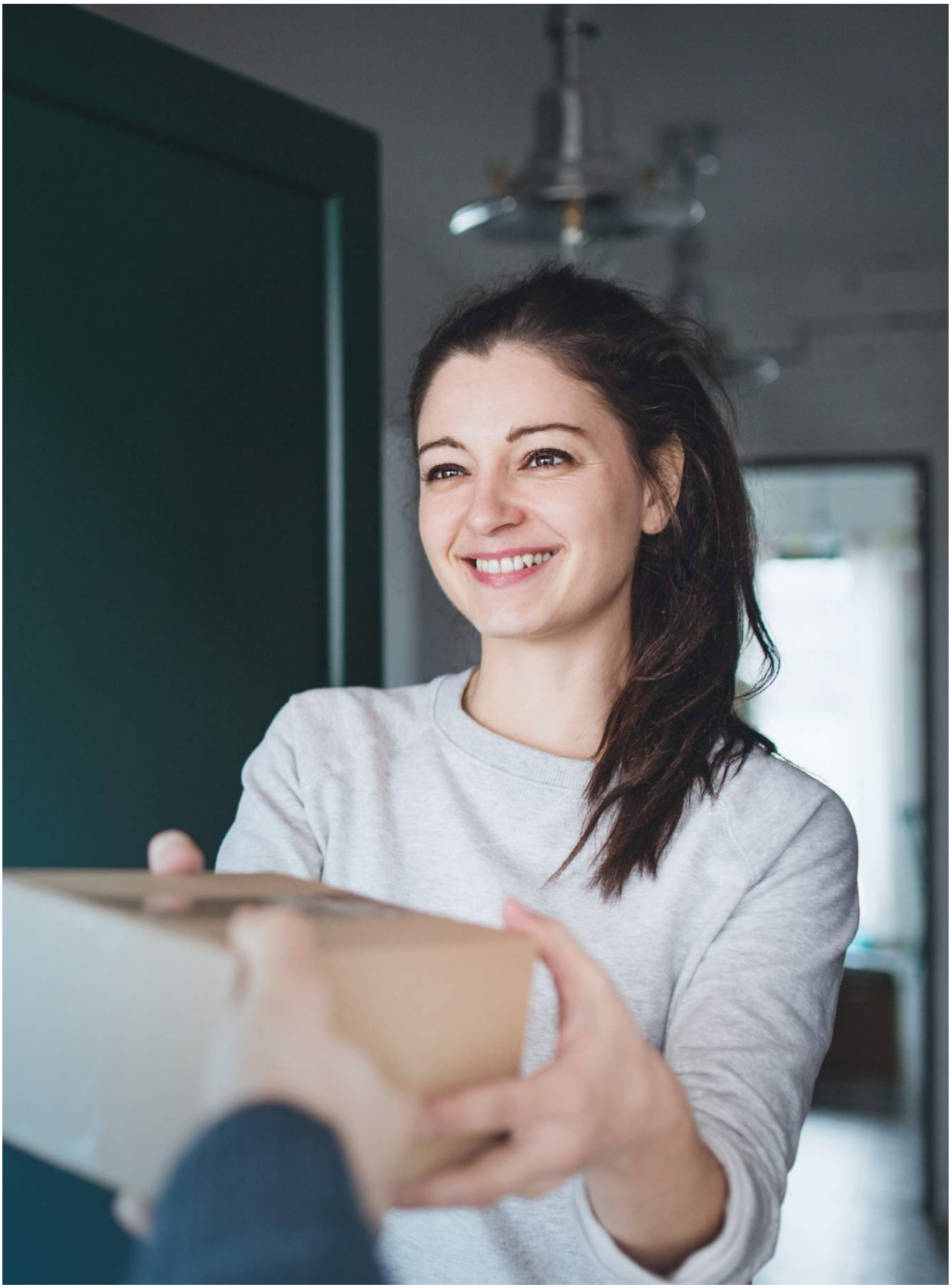
Always use proven payment systems.

REMEMBER!

Pay for online purchases by always using **your computer or mobile phone with an up-to-date antivirus program and 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 ensuring the security of these transactions.

Picking up a package from a courier



1. After receiving the package, **it is worth opening it in the courier's presence** to ensure that its contents are consistent with the order and

the goods are not damaged.

2. **If you notice 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.

3. Suppose you have chosen the method of delivery from the list of options offered by the seller. In that case, the seller is responsible for the goods until the buyer collects them, 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.

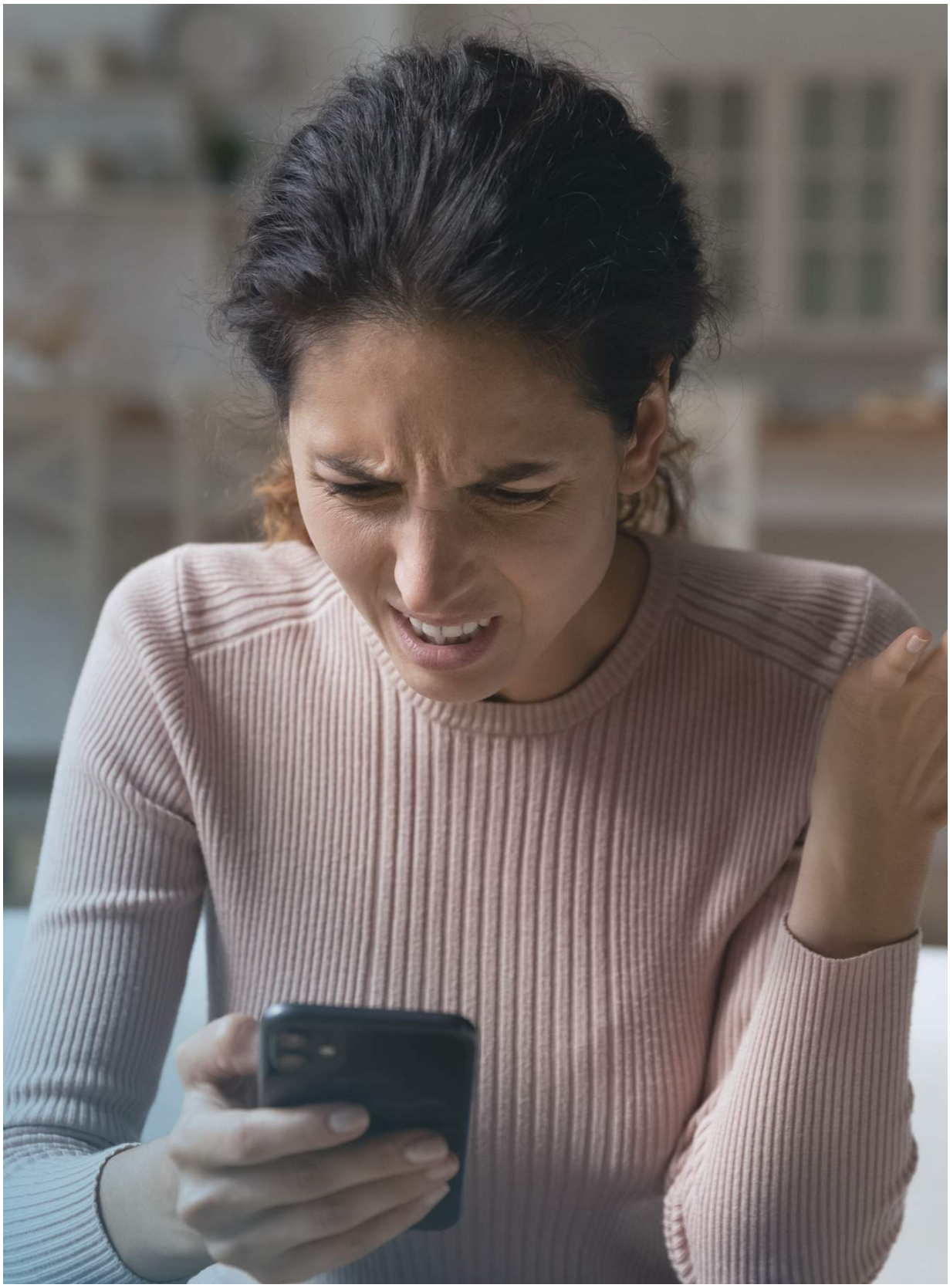
4. An uncollected package from the courier may go back to the distribution center, which is most often located on the outskirts of cities. Picking up your parcel can take time and effort.

Financial traps set by scammers

Scams are happening more and more through the internet and email. You're more likely to fall victim to virtual fraud or cyber offenses than any other crime. Learn about the different types of online scams and how to avoid them.

Phishing

Phishing: computer harvesting is a method in which a criminal **impersonates another person or institution 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 from addresses that look like your bank's email** or 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. The 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 user's alleged law violation. They promise to **unlock the computer after paying the ransom** within a certain period. **Remember that the police and other legally operating institutions never act 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.

You 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.

How to protect yourself from scams

Scammers can be inventive and extremely persuasive. Luckily, you can follow a few guidelines to avoid getting caught in their schemes.

- Consider limiting using a debit card debit card

A debit card is linked directly to your checking account and, in some cases, your savings and other accounts. Debit cards don't offer the same consumer protections credit cards do. Once someone steals your money, getting it back might be difficult. For that reason, it's best to use credit cards for most transactions.

- Be careful about letting your credit card out of your sight

When you give someone your card, it's too easy for them to use a skimming device that reads the magnetic strip of your card and stores the card's information. While it's unrealistic to expect the waitstaff at your favorite restaurant to let you hop in the back and swipe your card, try to minimize the times someone steals it out of your sight. Remember: "If they're going to run it through a machine, it should be in front of your eyes."

- Only click links you trust

Since fraudsters are getting creative in masking their phishing attempts, treat every link you get suspiciously.

To spot phishing, check where the message is coming from – if it's claiming to be from a reputable company but sent from a generic Gmail email address or an address that has subtle misspellings (like "amaz0n" instead of "amazon"), it's probably a scam. Additionally, watch out for bad grammar or emails threatening or urging you to act. For example, a scammer might say your bank account is about to be blocked and provide a link you need to click to avoid it.

- Monitor your credit

If you've become a victim of fraud, you might discover it on your credit report as new accounts you haven't opened or addresses you don't recognize. While nobody likes to see they've been robbed, the earlier you detect the crime, the sooner you can do something about it.

- Be attentive when answering phone calls from unrecognized numbers

With scammers, sometimes it might only take you to pick up the phone and say a few words for fraud to happen.

Saying good morning and your name, someone can grab a voiceprint and use that as a second factor of authentication with a financial institution or to authorize a transaction.

Cybersecurity

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

- Security padlock badge

Make sure that a **security padlock badge is displayed when logging in**. It should look like this: **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, the http:// is crossed out in red after entering a site without SSL, or a corresponding message appears. In such a situation, don't enter such a page.

- Securing your login and password

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.**

- Password

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 residence, or the street on which you live. **Add a**

capital letter, numbers, and characters to strengthen the password. Make sure that the password does not coincide with the password to your email account. Furthermore, never share your password with anyone.

- Awareness

- 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 unauthorized person is contacting you.
- 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.**
- Don’t search for the bank's website by entering the bank's name into a search engine, e.g., Google. Viruses and malware can replace the default search engine and redirect you to a fake bank website.
- Make sure your antivirus program is up-to-date and active on your computer.

- PIN

Never **share your card with anyone or give out your PIN**.

Remember the PIN; if you must 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 4589, you can save it in the list of contacts, e.g., Beautiful Janet Tel. 0048 502 9012. Of course, this method is not ideal, and you must remember the technique, but it will allow you to write down the number relatively safely.

- Privacy

Use electronic banking, preferably **only from your computer, in a Wi-Fi network 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.

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 use a laptop, connect to the Internet through your smartphone, using it as an access point.

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

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

GOAL
PHASE 1
TOP
PHASE 2
PHASE 3

With scams getting elaborate and preying on every facet of human nature, you might feel your financial well-being is at constant risk. **Luckily, you can protect yourself from most scams by staying vigilant and cautious.**

If someone you don't know is urging you to make a financial decision in a rush, question their motives. If something seems too good to be true, listen to your gut. Remember: damage from identity fraud and financial scams is much easier to prevent than fix.

How to protect yourself from extortion over the telephone and computer

1. Ask who you are talking to.
2. 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.
3. Beware of ads that offer quick profit without risk.
4. Don't open suspicious emails with attachments from unknown people.
5. Don't give your data over the phone, especially to unknown interlocutors.
6. Make sure your online payment method is secured – padlock
7. Carefully check the website address of the charity fundraiser or store – if anything seems suspicious to you, don't transfer money.

8 Don't be persuaded to buy "miracle" supplements or medical devices.

9 Check if the seller's data is available on his website – if it is not there, don't trust him.

10 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.

11 If you suspect fraud, report it.

How to secure your smartphone or computer

Suppose someone is just taking their first steps on the Internet or has been using it for many years and may have already lost their vigilance or ignored security rules. **In that case, the rules presented below are to be considered:**

Up-to-date antivirus program on your computer

If you don't have an up-to-date antivirus program 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. Many manufacturers offer antivirus programs. Some of them provide 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.

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 it. The information about the big win is unfortunately not true!

Don’t click on ads that appear in the browser

No, you did not win a smartphone for 6000 euros just because you visited a website. **Don’t click on this ad.** Infection with viruses, spyware, and other malicious programs can also occur due to clicking on an advertisement. Therefore, it is worth ignoring this pop-up window and scanning the system with an antivirus program if you click on it as soon as possible.

Remember to update your software regularly

Update your computer’s operating program regularly. Thanks to updates, it is possible to remove security vulnerabilities continuously.

Create hard-to-guess passwords

Avoid passwords such as: admin, administration, 1234567. Don’t create passwords that include your family members’ names and birthdays.

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.

Use a firewall

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

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 web interceptions. That is why using pages with a padlock symbol is so important.

Download files and programs 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.

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 risk your con. dential data being taken over.

Knowledge check

Check your knowledge by answering the questions below.

What should make you vigilant while shopping online? **Mark all things that would make you suspicious.**

- [ ] Products on sale
- [ ] Request for my PIN
- [ ] Long list of terms and conditions
- [ ] No option of system payment

SUBMIT

What is phishing?

- It is a scam method in which a criminal impersonates another person or institution to obtain confidential information.
- It is a scam method in which companies pretend to sell us products they do not intend to send.

SUBMIT

The phone rings. The man on the other end introduces himself as a bank employee and informs you that someone has hacked into your account. To be able to secure it as soon as possible, he asks you for your online banking login and password. What do you do?

- I give him my login and password.
- I hung up the phone.

SUBMIT

Workshop layout

In this chapter you will find exercises that help you **plan and deliver your workshop sessions.**

EXERCISE 1: HOW TO USE E-BANKING?

TRAINING GOAL: **Raising awareness of the safe use of e-banking and other online . nancial services**

1. Materials needed: **pen and paper**
2. Training schedule: **45 minutes**

PDF

Module05-Excercise01.pdf
134.8 KB

EXERCISE 2: HOW TO USE BUDGETING AND FINANCE MANAGEMENT APPS?

TRAINING GOAL: **Raising awareness of the safe use of e-banking and other online financial services**

1. Materials needed: **phone with Internet connection**
2. Training schedule: **1,5 hours**

PDF

Module05-Excercise02.pdf
144.1 KB

EXERCISE 3: HOW TO REPORT AN INTERNET FRAUD?

TRAINING GOAL: Raising awareness of the phishing or other Internet fraud

1. Materials needed: **phone with Internet connection**
2. Training schedule: **1 hour**

Module05-Excercise03.pdf
133.6 KB

Additional self-study materials

Educational materials may differ in each country. We want to encourage you to familiarize yourself with the materials dedicated to your country.

There are many sources of materials available for self-study on savings. Here are a few suggestions:

- Bank 4.0: Banking Everywhere, Never at a Bank, Brett King
- The World of Digital Payments: Practical Course, Pavlo Sidelov
- The PayTech Book, Susanne Chishti
- FinTech Founders: Inspiring Tales from the Entrepreneurs that are Changing Finance, Agustín Rubini
- The Digital Banking Revolution, Luigi Wewege
- Digital Finance Strategy for the EU

In order to close the module correctly, click the Save and close button.

SAVE AND CLOSE