CATEGORY TWO: Ways to Pay (Ages 7-9)

Learning objectives

To recognise that there are advantages in using different payment methods.

To understand why people may choose to pay for things in different ways.

To understand that the way that people make payments has changed.

Links to the Financial Education Planning Framework

I know that cash is only one way to pay for goods and services (7-9).

I can describe ways of paying that don't involve cash e.g. debit cards, credit, online payments (7-9).

I understand the reasons for using different forms of payment including the difference between debit and credit cards (7-9).

CHALLENGE ENTRY OPTION

Create something that helps people make wise choices about the different ways to pay for things.

Children can approach this challenge in whichever way they choose. For example, they can design a guide or tool that people can use to help them make decisions, or they could create a poster or infographic explaining different payment methods. The challenge is about being creative and helping other people develop good money management skills.

QUALITY MARK

YOUNG MONEY CHALLENGE

Q: Why do people pay for things in different ways?

INTRODUCTION

Dosh, dough, quids and loot are all slang names for something, do you know what? Money.

Do you know any other slang names for money? Today we will have a look at how money has changed in recent history and the alternatives to using cash.

Watch the video to provide information on how money works and a brief history of it.

https://www.youtube.com/watch?v=8lXBXF5mSl8

At the start of the 1990s, the way that people paid for items started to move away from cash payments towards electronic payments using debit, credit and store cards. The way we can pay for things today has changed even more since then. Can you think of some of the ways people make electronic payments today? That's right they use devices such as phones and watches, along with other methods such as ApplePay and PayPal.

ACTIVITY

LUCA AND AUNT SOPHIA

Luca wasn't sure what the strange green vegetable was on the conveyor belt heading towards the cash till, staring back at him; he just hoped his Aunt wasn't going to make him eat it. Having drifted off into a daze as he queued, waiting for his Aunt Sophia to get served, he suddenly snapped out of his daze with the sound of the enthusiastic cashier asking, "How would you like to pay?"

Sophia smiled and replied, "By card." She flicked open her purse and pushed one of what seemed like 10 cards next to chip and pin machine. The cashier chirped again and asked, "Would you like a receipt?" After a moments reflection Sophia said "No, thanks."

While Aunt Sophia packed the items into her shopping bags, Luca noticed a girl, maybe 13 years old, in the next line passing some money to the cashier. The cashier was helping her out saying "Don't worry my dear, some people find it tricky working out the change so I'll count it out for you again so you know I've given you the right amount." The cashier seemed friendly and started telling the girl that she might be old enough to get a debit card now and that she should ask her parents about it. The girl looked relieved – she seemed a bit nervous as the queue was getting longer and Luca thought she wanted to leave quickly.

Luca and his Aunt Sophia chatted away as they walked home. Sophia stopped suddenly "Oops!" she gasped "No milk, I forgot the milk." They quickly crossed the road and popped into the corner shop. Luca was thankful that they didn't have to trek all the way back to the supermarket. He wondered why Sophia did not have a list as she was terribly forgetful.

Luca was quite curious about the man in front of them in the queue, he was waving his arm in the air, Luca had no idea what he was doing. The man was telling the cashier, "My son got me this for my birthday and because my fingers don't work as well as they used to I don't need to fuss about trying to get hold of the coins and notes. My son said I just have to wave my arm to pay for things with it." Luca thought that didn't sound quite right.

"Sir", the cashier said trying to stay calm and avoid the man's flailing arm, "Just place your wrist here and it'll work." The cashier grabbed the man's arm and guided it towards the chip and pin machine. With a big grin on his face, the cashier said "That's it, everything is paid for now. Thank you, have a good day." As Aunt Sophia handed the milk to the cashier he announced "That's £1.20." She looked in a couple of pockets in her bag then fumbled around her coat pocket and eventually waved a £2 coin at the cashier.

Luca was happy to get home as Aunt Sophia had promised that he could go online and play a game. He often dreamed about getting a new high score and onto the next level. As Sophia pulled out her phone saying she needed to check whether some bills had been paid or not, Luca asked if she would use her card to pay for the bill or if she would pay with cash? Aunt Sophia seemed very absorbed in what she was looking at on her phone and didn't answer. She muttered, "Oh great that's been paid, I'm just going to check for another payment."

At this moment Luca realised that now would be a good time to escape and start playing his game. It is a funny thing with adults, even though they complain about getting a child to stop playing online, sometimes they are just as difficult to stop when they are on the internet. Luca made himself very comfortable as he switched his game on, he knew Aunt Sophia would be busy for a while.

Q: Why do people pay for things in different ways?

Ask the children to name all the different ways to pay for things that we have heard about so far in the story.

They could mention card, cash and device payments. They may even pick up that Aunt Sophia was paying her bills by internet banking.

Once they have identified the different ways to pay for things, get them to work in groups and discuss why they thought Aunt Sophia used so many different ways to pay for the things she bought?

You could provide these words to help guide discussions:

- Safest
- Quickest
- Easiest

Once the children have shared their answers, finish the story...

After what seemed like the most peaceful time ever gaming, Aunt Sophia stuck her head around the door and finally answered Luca's question about how she was going to pay her bills. She explained that for items that don't cost a lot of money, she will often use cash to pay for them and that sometimes using cash also keeps her from overspending because she can only spend what she has. She went on to say, "For items that are more expensive, I worry I would lose the cash if I carried it around to pay for more expensive things, so I will usually use my card for these kinds of payments. And then, for other items like my household bills, it's easiest to arrange for these to be paid automatically from my bank account using internet banking, so I don't have to remember to pay them on time!"

Luca was in the middle of a tough challenge that would take him to the next level, so he muttered "Wow, I never knew that." Aunt Sophia wandered off smiling, as she knew she'd have no chance of explaining anything else whilst Luca played his game.

Which is the best way to pay for these items?

Read out the list below and ask the children to vote (using a show of hands) on the best way to pay for those items – they can choose cash, card (including device payments) or internet banking.

- A small packet of peanuts costing 90p.
- Items from the supermarket that cost £32.00.
- A gas bill that costs £120.00.
- A subscription to a TV provider for £19.99 per month.
- One item from the pound shop.
- Eighteen items from the pound shop.
- A single bus journey £1.50.
- A child's weekly bus pass £8.50.
- A child ticket for the cinema £7.00.
- A family cinema ticket (1 adult, 3 children or 2 adults, 2 children £25.00.

Make sure they understand that there are no right or wrong answers, but they should be able to explain or justify their decision.

Ask children to discuss in pairs:

1. What have you learnt about different payment methods, old and new?
2. What do you think about the different experiences that people have with different payment methods? Think about how Sophia paid for things, the girl at the till in the supermarket and the man in the corner shop.
3. Is there any advice that you would give to a person about the best ways to pay?