

CATEGORY THREE:

Financial Inclusion (Ages 16-19)

Learning objectives

To explain what is meant by financial inclusion and identify those at risk.

To recognise that we all make different money decisions and what might be suitable for others might not be right for you.

To evaluate the role technology can play in giving equal access to safe financial products and services.

Financial education planning framework links

I know that if I take risks with money, I need to manage the risks carefully and be prepared for any negative consequences e.g. gambling, investing, borrowing, not being insured, impacting my credit score (16-19).

I understand that financial implications may continue to change and develop as I move through my adult life and I will need to respond and adapt to them accordingly (16-19).

CHALLENGE ENTRY OPTION

Choose from either a or b:

- a: Create something that helps people improve their knowledge, skills, and confidence to access and protect their money; or
- b: Create something that helps people access financial services.

Young people can approach this challenge in whichever way they choose. For example, one suggestion could be to explore the role technology plays in connecting people to financial products and services. Are new developments in technology overcoming obstacles or leaving people behind?

Could they create a financial product or process which is simple to use, using a flowchart or diagram to show how it works? Alternatively, they could document an interview with a financial institution or technology company outlining actions they could take to improve financial inclusion.



YOUNG
MONEY
CHALLENGE



Q: How we can protect our money and help others do the same?

ACTIVITY 1

MATERIALS

Internet optional for research.

INTRODUCTION

Having access to a bank account or banking app is something many of us take for granted. However, having the technology to carry out multiple transactions makes managing our money so much easier. For example, we can move quickly through self-service checkouts and speed up our journeys with the contactless feature on cards and devices with the ability to tap and go.

This activity invites students to explore how advancements in technology can help improve access to financial products and services.

It may help to explain what is meant by financial inclusion.*

ACTIVITY

Start this activity by asking: Who, in our society, is at risk of being financially excluded?

Responses may include the elderly, the vulnerable, those on low incomes and those who do not have access to the internet.

This activity could form the basis of a debate or group discussion. Students may find it helpful to have access to the internet to research the topic.

Is a cashless society the way forward?

Group A – argue **FOR** a cashless society

Group B – argue **AGAINST** a cashless society

Guidance for students: They may wish to consider recent digital enhancements. These may include the use of biometric authentication (touch and face ID), contactless payments, digital wallets, cheque imaging systems, chatbots, app development, and enhanced security.

FOR a cashless society

Money is viewed as 'dirty' as it is handled by so many

Producing notes and coins costs money

Money can be lost and stolen

Fake versions of notes and coins may be in circulation

Cashless transactions speed up processes

Face recognition and artificial intelligence (AI) could help the elderly and vulnerable to bypass sign-ins and passwords

Chat and Bots cost less to run than in-branch services

No need to leave the house to pay a cheque in

The competition will increase amongst banks and fintech companies

Digital 'jam jars' and 'pots' can encourage a budgeting and savings habit

Easier to keep track of available funds

AGAINST a cashless society

The temptation to spend is greater with the convenience of a debit or credit card

Cards can be lost or stolen

Cards are open to fraud

Cash is safer with new notes and coins that are harder to counterfeit

Technology can fail and prevent access to funds

Many people will not have a device or access to the internet

Many people prefer face to face contact. Dealing with technology to answer specific questions can be frustrating

Many people lack the digital skills to access features such as mobile banking and cheque imaging features

Digital information can be subject to breaches of security

Some people find it is easier to manage their spending using cash

Financial literacy is required to understand products and avoid making costly mistakes

***Financial inclusion** means that individuals, regardless of their background or income, have access to useful and affordable financial products and services. **Financial inclusion** is about ensuring that every adult in the United Kingdom is connected to the financial 'mains', just as he or she is connected to mains electricity or mains water.



ACTIVITY 2

Explain that as technology in financial services moves forward, the divide between those that are 'unbanked' (have no financial products) and those that keep up with developments could grow wider. A possible way of preventing this is to have a simple way of receiving and sending payments. A basic bank account is part of the current solution.

Ask students: What solutions does a fee-free basic bank account offer?

Fee-free basic bank accounts:

<https://www.moneyhelper.org.uk/en/everyday-money/banking/basic-bank-accounts>

It offers much of what a standard bank or building society account provides. However, it doesn't offer an overdraft option, which is a way of borrowing more than you have in your account. This is helpful for anyone who has had a poor track record of paying back borrowing in the past. You can withdraw money from and pay into a basic bank account. Anyone who applies for a basic bank account must prove who they are and where they live.

This account allows for paying in wages and benefits and for bills paid out by direct debit. This important feature will enable consumers to receive discounts on their utility bills. Research from an account provider suggests that people who do not have access to a bank account pay an extra £485 a year for everyday bills and services. This article looks at how much money can be lost by not having access to a bank account:

<https://www.bbc.co.uk/news/business-48006905>

Q: How we can protect our money and help others do the same?

ACTIVITY 3

In groups, ask students to develop ideas about how technology could provide a secure and trusted way to access money.

Encourage students to think about how technology could be used to help a wide range of people. **How might they explain these ideas and show the impact they could have on these peoples' lives? Can they think of three key messages to help build confidence so more people may feel comfortable using technology to access their money and financial services?**

Ideas might include:

- Help on hand with online messaging and chatbots — find answers to questions to help build knowledge.
- Virtual currencies don't involve a bank or institution to carry out transactions — less chance of data being stolen.
- Biometric authentication (touch or face ID) allows quick and easy access — no need to remember passwords.



ACTIVITY 4

Ask the class to think of changes that would open up opportunities for people who do not have access to technology or the internet.

They may suggest:

- Free or discounted devices for those that cannot afford them.
- Free or discounted data plans.
- Free courses where they can learn how to use the technology.
- TV ads to promote the benefits.
- Campaigns to encourage recycling and distribution of old phones.

1. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/935985/Financial_Inclusion_Report_2020.pdf

2. https://financialinclusioncommission.org.uk/wp-content/uploads/2020/08/Financial-Inclusion-Commission_Report_2015.pdf