



# FINANCIAL EDUCATION TEACHER RESOURCE PACK

Credit

KEY STAGE 4

*the*  
**MONEY**  
*Charity*

<https://themoneycharity.org.uk>

# ABOUT THE MONEY CHARITY

The Money Charity is the UK's Financial Capability charity, providing Financial Education, information and advice to young people and adults throughout the UK.

Our vision is for everyone to be on top of their money as a part of everyday life. So we empower people across the UK to build the skills, knowledge, attitudes and behaviours to make the most of their money throughout their lives.

We are most known for providing high-quality support to teachers by delivering fun, engaging and interactive Financial Education Money Workshops in schools and colleges across the UK. The Workshops inspire and motivate young people to take control of their finances and prepare for their futures. We hope that our Teacher Resource Packs will help us expand this reach.

If you and your young people enjoy using this Teacher Resource Pack, please do check our website <https://themoneycharity.org.uk> to see what other packs are available.

---

## What is Financial Capability?

Financial Capability provides people with the ability to manage their money well and to make the most of it. It enables people to have the best possible Financial Wellbeing, both now and in the future. This is done by improving and developing people's skills and knowledge, motivation and attitudes towards money, as well as the accessibility of financial products.



# USING THIS RESOURCE PACK

This Teacher Resource Pack is designed to give you the tools and the confidence to help you to teach your students about key financial topics in a fun and engaging way. You do not need to already have any special skills or knowledge and most of the required resources are provided in the pack. This pack has been specifically designed to support you in delivering Financial Education Workshops that are mapped to the national curriculum.

This pack is designed to be flexible so you can adapt it to the requirements of your school and students. We have split the lesson into three 20-minute sections, which can be run together or independently. This gives you the choice to run it as a full-hour lesson or run it as 2 or 3 consecutive lessons if time is limited e.g. if Financial Capability is taught during form-time.

---

## Talking about Credit

At The Money Charity we focus on positive messaging, attitudes and behaviours. This is important regarding debt and credit because it can be something people have strong opinions about, but in reality there aren't necessarily right or wrong answers. Different products are suitable for different situations. Our job as educators is to teach young people how to work out whether products are right for them, without showing our own judgement.

This Teacher Resource Pack covers Credit for 14-16 year olds.

### **The learning outcomes of this pack are for students to be able to:**

- Understand the different types of credit available and their suitability for different situations.
- Understand what credit scores are and which factors can have an impact on them.
- Understand the difference between manageable and unmanageable debt.

### **Resources included in this pack:**

- 1x Teacher Notes
- 1x Starter Sheet (photocopy for number of students)
- 1x Match The Terms Sheet (photocopy 6 before class)
- 6x Cards with Types of Credit

**Do let us know how you found the resources and fill out our survey:**

**<https://forms.gle/gBUwwYZurG8ErqhKA>**

# STARTER

## FINDING OUT WHAT WE KNOW



### TIME NEEDED

5 minutes



### AIM

Students will fill in the before side of the Starter Sheet.



### LEARNING OUTCOME

Recognise their current strengths and weaknesses in this topic.



### RESOURCE

- Starter sheet

### ACTIVITY

1. Give each student a Starter Sheet.
2. Instruct each student to answer the statements on the before side of the sheet.
3. **Red** = low confidence/knowledge  
**Yellow** = medium confidence/knowledge  
**Green** = good confidence/knowledge.
4. Get the students to hold up their sheets or put their hands up for each colour to see where the students feel their understanding is before the session.

### Tip

If you are doing each activity in separate lessons, please ask the students to write their names on the sheets and collect them in at the end as they will need them again later.

### DISCUSSION

Suggested discussion starters:

- What is credit?
- Do you know any different types of credit?
- Is credit always a suitable option for purchases?

### Definition: Credit

Credit is borrowed money to pay for a good or service.

### EXTENSION

Students could discuss with a partner what they think credit is and what it can be used for.

# ACTIVITY 1

## FILL THE BLANK



### TIME NEEDED

15 minutes



### AIM

Students will work in groups to match types of credit to their definitions and discuss the suitability of each type for certain situations.



### LEARNING OUTCOME

Understand what different credit types are available and know the meanings of some general credit terms.



### RESOURCES

- Match The Terms Sheet (photocopy quantity required)
- Appendix 1: Answers

### ACTIVITY

1. Split the class into groups of 3-5 students.
2. Give each group a Match The Terms Sheet of credit terms and definitions to match. Explain that they have to match the terms to their definitions on the sheet.
3. Explain that, once they have done that, they should fill in the boxes on the sheet with an example of a situation in which they think they might use that credit.
4. Once they have finished, go through the answers as a class, discussing the reasons behind some of the groups' answers.

### Tip

Make sure the correct answers are all confirmed before moving onto the next activity.

### DISCUSSION

Suggested discussion starters:

- What are the pros and cons of each type of credit?
- What are some of the factors, other than APR, that should be considered before taking out credit?
- What is the suitability of each type of credit for certain purchases?
- Is credit a good thing or a bad thing?

### Tip For Discussion

Remember there is no right or wrong answer and try to avoid judgement about debt.

### EXTENSION

You can keep going until a pair turns over every word they have.

# ACTIVITY 2

## RANK THE BORROWERS



### TIME NEEDED

15 minutes



### AIM

As a class, students will rank case studies in order of how reliable they think they would be as borrowers.



### LEARNING OUTCOME

Understand what a credit score is and what it can be affected by.



### RESOURCES

- Appendix 2: Credit Score Case Studies
- A line drawn on the board to act as a scale

### ACTIVITY

1. Using Appendix 2, explain what a credit score is. Explain that there are a number of factors that impact on credit scores and different lenders have different criteria for whether they will lend to someone or not.
2. Draw a vertical line on the board, ranging from high to low.
3. Explain that the class are the lenders. You will read out different case studies and they will decide where they would rate them on the scale, in terms of how reliable they think they would be as borrowers.
4. Ask the class to put their hands up to tell you their thoughts and where they think each person should go on the scale. Encourage discussion and debate but remember: there isn't necessarily a right or wrong answer. Different lenders will have different criteria!
5. Use the notes on each case study to aid the discussion after ranking.

### DISCUSSION

Suggested discussion starters:

- Why do we have credit scores?
- What could you achieve with a high credit score?
- What barriers could there be if you have a low credit score?
- Are there any factors that surprise you?
- Are there any factors missing that you think should be considered?

### Tip

If you took a break between Activity 1 and 2, start with the revision Activity 1 and then proceed with Activity 2.

#### Revision Activity 1

Students have 60 seconds to explain different types of credit to their partner.

#### They are not allowed to:

- Pause
- Repeat words
- Say 'Erm'

### Tip

Remind students that they will not just have one credit score, but different ones at different institutions.

# ACTIVITY 3

## MATCHING BORROWERS AND LENDERS



### TIME NEEDED

20 minutes



### AIM

Groups will pitch a credit product to students for different scenarios and students acting as borrowers choose which product is most suitable (if any!)



### LEARNING OUTCOME

Understand the suitability of different products for different situations and that the choice is the borrower's.



### RESOURCES

- 6 x Cards with Types of Credit (one for each group)
- Appendix 3: Borrower Scenarios

### ACTIVITY

1. Split the class into groups of 3-5 students.
2. Give each group a credit type card.
3. Ask for 4 volunteers to come to the front and act as borrowers. Assign them each a character from Appendix 3, and ask the first borrower to read out the information about themselves in the Appendix. The groups now have to try and sell their product to the borrower.
4. Give the groups some time to discuss whether they think their type is suitable and why. Then give each group the opportunity to pitch to the borrower. The borrower will then decide whether or not they want to choose one. If they do choose one, they should explain why. If they don't, discuss why and what other options they have aside from borrowing.
5. After each one, discuss as a class which option they would have gone with and why.
6. Continue until all of the student volunteers have read their script.
7. To conclude, emphasise that it is the borrower who is in control as they decide whether they want to borrow money and what type of credit product it is.

### Tip

The aim of this activity is to demonstrate the suitability of different products for different situations; try and avoid judgement about certain types of product.

### Tip

Remind the class to consider the APR and the length of time the borrowers would have the debt.

### DISCUSSION

Suggested discussion starters:

- What did you learn from these scenarios?
- What considerations should be taken into account before borrowing money?
- How do you think being in manageable debt would make you feel?
- How do you think being in unmanageable debt would make you feel?



# PLENARY

## WHAT HAVE WE LEARNT?



### TIME NEEDED

5 minutes



### AIM

To sum up the learning and to see if students have made progress in their understanding and confidence in this topic.



### LEARNING OUTCOME

Evaluate what they have learnt and how it might be useful to them in their lives.



### RESOURCES

- Discussion Questions
- Starter Sheets from the beginning

---

### ACTIVITY

1. Have the students work individually.
2. Discuss the questions below.
3. Ask the students to think about each question for a few minutes. Then discuss these as a class.
4. Give students the Starter Sheet from the beginning of the lesson.
5. Get them to fill in the **after** section to see how/if their confidence and knowledge has changed.

### DISCUSSION

Suggested discussion starters:

- Has anything from these activities surprised you? What and why?
- Do you think doing these activities will change anything about how you do things now?
- How do you think having done these activities might help you in the future?

Do let us know how you found the resources and fill out our survey: <https://forms.gle/gBUwwYZurG8ErqhKA>

If you have any questions or feedback on these resources please contact [hello@themoneycharity.org.uk](mailto:hello@themoneycharity.org.uk)



# APPENDIX 1

## CREDIT TYPES AND ANSWERS

**Credit Provider:** An organisation that lends somebody money.

**Credit:** Borrowed money.

**Interest:** The amount extra repaid in addition to the loan. Usually shown as a percentage.

**APR:** The annual rate charged on borrowing, shown as a percentage.

**Bank Loan:** Money borrowed from the bank for a period of time and paid off every month with interest.

**Credit Card:** A card that you use to pay for things using borrowed money, to be repaid every month.

**Store Card:** When a shop or retailer offers a card to pay for things only they sell, using borrowed money, to be repaid every month.

**Overdraft:** A way of borrowing money that involves you spending more money than you have in your bank account.

**Rent-To-Own:** When an item is paid for weekly or monthly with an agreement that it can be purchased at some point.

**Short-Term Loan:** A way of borrowing money. It is meant for a short period of time, to be repaid when you next get paid. This can also be known as a pay day loan (designed for those with a job).

**Credit Union Loan:** A loan typically with low interest, from a non-profit organisation.

**Manageable Debt:** When you borrow money and have a plan for how to pay it back.

**Unmanageable Debt:** When you borrow money, do not have a plan for how to pay it back and risk getting into further debt.

**Credit Score:** A number that helps potential lenders work out how reliable you are at paying back money.

**Loan Shark:** Someone who lends money illegally, typically at high interest.

### NOTES

Money is nearly always lent with interest so the lender can make a profit.

There are different types of APR, some consider all fees and extra costs and some don't. Always read terms and conditions.

Remember, as the borrower you are the one in control as you decide whether you want to borrow from the lender.

# APPENDIX 2

## RANK THE BORROWERS CASE STUDIES

**Credit score definition:** A credit score is an assessment by a particular lender or credit reference company of how likely you are to repay borrowed money. Your salary does not impact on your score and there is no 'blacklist' for credit scores; different lenders have different criteria!

### MADDY

Maddy is a 25 year old graduate with student debt.

She has moved house a few times due to being a student, but has never updated her address with her bank.

Maddy has a couple of store cards and she often forgets to pay them off at the end of the month.

### Notes After Ranking:

Student debt doesn't affect your credit score. Moving a lot without updating organisations and not repaying credit on time negatively impacts on your score.

### JOSH

Josh is a 40 year old secondary school teacher.

He has multiple credit cards and always pays them off at the end of the month.

Josh is on the electoral register and always informs companies like his bank when he moves.

### Notes After Ranking:

Having multiple credit items isn't bad, as long as they are paid on time. Being on the electoral register and informing authorities when you move positively affects your score.

### HENRY

Henry is a 19 year old trainee doctor.

He fell behind on paying his energy bills. To try and solve this, he took out many different credit items within the same few weeks so he could pay all his bills. He doesn't know how he will pay this back, which means he has unmanageable debt.

### Notes After Ranking:

Not paying bills and taking out a lot of credit in a short space of time negatively impacts on your score. Lenders will also consider how much you currently owe and your disposable income.

### KAREN

Karen is a 30 year old bar manager.

Karen is on the electoral register, pays her bills on time and has never missed a loan repayment.

### Notes After Ranking:

Paying bills and loans on time positively affects your score. Being on the electoral register also positively affects your score.

### ROY

Roy is 70 years old and is a retired fire fighter.

He has a good pension so has a comfortable income. He doesn't like credit, so has never taken out a loan or used a credit card.

He updates his bank with his address when it changes and is on the electoral register.

### Notes After Ranking:

Not having used credit before negatively impacts on your score because lenders can't see your history, so can't predict your reliability. Updating your details and being on the electoral register positively impacts on your score.

# APPENDIX 3

## BORROWERS

### DAVID

- I am a very loyal shopper and I always go back to the same shops.
- Sometimes I want to buy things, but I don't have enough money before payday.
- I spend so much in the same shops, I want a way to pay for things from the shop.

### LOUISE

- Oh no, my fridge has broken, nightmare!
- I've got no time to shop around for credit as I have a full-time job, but payday isn't until next Friday.
- This is something I really need, but I don't have the savings to pay for it.

### LYDIA

- I'm getting married next year, I have so many things to pay for!
- I have to pay a deposit on a venue, money for the ceremony and I really want a live band!
- I really want my dream wedding, but I don't have enough savings to pay for it, so I would like to borrow.

### ALEX

- I want to go travelling with my friends straight after university.
- I've worked a little bit so I have some savings, but there's so much to pay for upfront like flights, insurance, injections...I don't want to leave paying for flights too late, in case the prices go up significantly.
- I get paid in a couple of weeks. I just need a little bit of extra money now so I can start booking.