

Lloyds Bank Resources

Session crib sheet

Borrowing Money: Exploring borrowing and credit

Age 16+

At the start

You will need **PPT SLIDE 1**



Saving and investing money: making sense of the options

Show this slide whilst you get the group settled and in place.

Introduction



You will need **PPT SLIDE 2**

Introduction

Today you will be learning about:

- Types of borrowing and credit.
- Borrowing terminology.
- Why you might borrow money.
- The alternatives to borrowing.
- The benefits of borrowing.
- Factors to consider when choosing products.
- Risks of borrowing, and ways to avoid those risks.



Introduction

Using **slide 2**, introduce yourself. Explain who you are and why you're here.

Explain that you'll be spending the session working together. They will learn about:

- Types of borrowing and credit.
- Borrowing terminology.
- Why you might borrow money.
- The alternatives to borrowing.
- The benefits of borrowing.
- Factors to consider when choosing products.
- The risks of borrowing, and ways to avoid those risks.

Each activity has two alternative ways of delivering the activity. These could be used for those with differing learning needs (option 1), or different ages (option 2).

Share your own experiences throughout as this may encourage the group to share theirs, so that they can learn from each other. **Do not mention any specific products when sharing your own experiences as this could be seen as a recommendation of a product- applicable throughout the whole session.**

Activity A: Why borrow?

 **18 MINUTES**

You will need **PPT SLIDES 3, 4 and 5**

Activity A

Why borrow

TRUE OR FALSE

£220 MILLION Borrowers in the UK paid **£220 million** a day in interest on average, as of August 2024.

DEBT As of August 2024, the average credit card debt for an adult in the UK was **£1,324**.

£ A credit card on the average interest rate would take **25 years and 8 months** to repay if you only paid the legal minimum repayments (interest plus 1% of the outstanding balance) each month.

£ The current average total debt per household, including mortgages was **£65,665**.

Source: [The Money Charity](#)

PPT SLIDE 3: Why borrow?

In this activity, the participants will learn that:

- People borrow for different reasons (both positive and negative).
- You should understand your reasons for borrowing.
- Your borrowing needs to be manageable or it will have a negative impact on your life.

You will need:

- Flip chart/ whiteboard.
- Green and red marker pens.

To start, check that the group understand the terms 'borrowing' and 'interest'.

Definition of borrowing: when you receive money or credit, which can be used to buy goods or services, with the intention of paying it back after a period of time. This can include paying interest on the borrowing.

Definition of interest: 'Interest' or the 'interest rate' is the amount a lender charges you in return for lending you money. This is usually a percentage of what you have borrowed.

Note: Interest is also what you receive in return for saving money – in other words your reward for lending your money to the bank for a period of time.

Check that the group understand the concept of interest before you move on.

Continued 

Activity A: Why borrow?

 **18 MINUTES**

You will need **PPT SLIDES 3, 4 and 5 - continued**


Activity A


Why borrow

TRUE OR FALSE

£220 MILLION Borrowers in the UK paid **£220 million** a day in interest on average, as of August 2024.

DEBT As of August 2024, the average credit card debt for an adult in the UK was **£1,324**.


 A credit card on the average interest rate would take **25 years and 8 months** to repay if you only paid the legal minimum repayments (interest plus 1% of the outstanding balance) each month.

 The current average total debt per household, including mortgages was **£65,665**.


Source: The Money Charity

PPT SLIDE 3: Why borrow?

Ask the following two questions.

 **If you wanted to borrow some money, which interest rate may be preferred? 2% APR or 5% APR?**

Explain that when borrowing, the lower the percentage, the less interest you will pay. The APR is the Annual Percentage Rate and includes other charges the bank may make.

 **If you wanted to save money, which interest rate may be preferred? 0.1% of 1.0% AER?**

Explain that when saving, the higher the interest rate, the larger the amount of interest on your savings. The banks use AER or Annual Equivalent Rate so that savers can compare different savings accounts easily.

Before moving on, explain that they will learn more about borrowing and interest in Activity B.

Continued 

Activity A: Why borrow?

 **18 MINUTES**

You will need **PPT SLIDES 3, 4 and 5 - continued**

Activity A

Why borrow

TRUE OR FALSE

£220 MILLION Borrowers in the UK paid **£220 million** a day in interest on average, as of August 2024.

DEBT As of August 2024, the average credit card debt for an adult in the UK was **£1,324**.

A credit card on the average interest rate would take **25 years and 8 months** to repay if you only paid the legal minimum repayments (interest plus 1% of the outstanding balance) each month.

£ The current average total debt per household, including mortgages was **£65,665**.

Source: The Money Charity

PPT SLIDE 3: Why borrow?

Using **slide 3**, start with a quick 'True or False' activity to give your group an idea of the extent of borrowing in the UK. All the statistics below are **True**.

You can reveal each one of the six statistics using a single mouse click. Read out each one as you reveal it. You can use the notes under each statement to explain a little more about each statistic/statement and to explain that there are risks and benefits to borrowing.

1) Borrowers in the UK paid £142 million a day in interest on average, based on December 2022 trends.

(This figure is based on all types of borrowing, including mortgages. You could mention that some borrowing, like a mortgage, is planned borrowing and helps people to buy their own home.)

2) At the end of October 2022, the average credit card debt for an adult in the UK was £1,184.

(You can explain here that consumers often choose to use a credit card because of the protection it gives them on bigger purchases.)

3) A credit card on the average interest rate would take 25 years and 8 months to repay if you only paid the legal minimum repayments (interest plus 1% of the outstanding balance) each month.

(You can explain that it is important to understand that credit card spending is debt that has to be repaid.)

4) The current average total debt per household, including mortgages was £65,746. According to the office for budget responsibility's March 2022 forecast, the average will increase to £85,906 by 2025.

Continued 

Activity A: Why borrow?

 **20 MINUTES**

You will need **PPT SLIDES 3, 4 and 5 - continued**


Activity A

Why borrow

TRUE OR FALSE

£220 MILLION Borrowers in the UK paid **£220 million** a day in interest on average, as of August 2024.

DEBT As of August 2024, the average credit card debt for an adult in the UK was **£1,324**.



 A credit card on the average interest rate would take **25 years and 8 months** to repay if you only paid the legal minimum repayments (interest plus 1% of the outstanding balance) each month.

£ The current average total debt per household, including mortgages was **£65,665**.

Source: The Money Charity

Explain that all the statements are true and say where they came from. (Taken from the money charity website: <https://themoneycharity.org.uk/media/February-2020-Money-Statistics.pdf>).

Ask for some responses.

-  Are you surprised by some of these numbers?
-  Did you realise what the benefits might be to using a credit card in a manageable way?

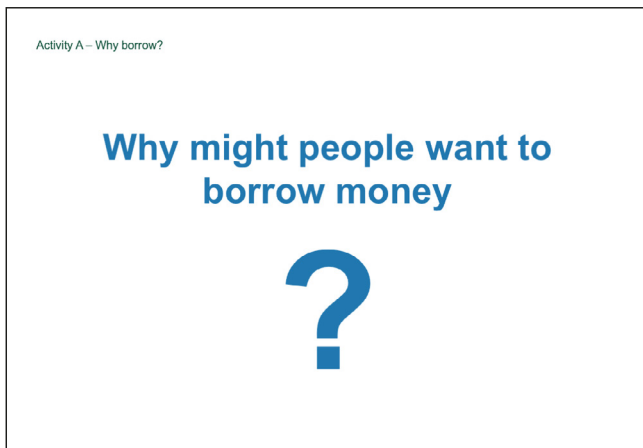
PPT SLIDE 3: Why borrow?

Continued 

Activity A: Why borrow?

 **18 MINUTES**

You will need **PPT SLIDES 3, 4 and 5 - continued**



PPT SLIDE 4: Why borrow?

Next, move on to **slide 4**. Explain the question on the slide.

Ask your group:

 **What are the reasons why people may want to borrow money?**


Use a flip chart or whiteboard to write down all the group's answers. You could ask a volunteer to do it for you, or to keep track from their seat.

You can offer some of the following reasons for borrowing to help the discussion:

- To make big purchases, e.g. a house, car, a holiday.
- To do up their homes.
- At Christmas time or other special occasions so they can buy more.
- For their children (if they have them).
- To fund their studies, i.e. a student loan.
- To fund a chosen lifestyle, e.g. paying for clothes, drinks, or outings.

You could ask two more volunteers from the group to write on the whiteboard or flip chart. Give one a red pen and the other a green pen.

Using the reasons that the group have suggested, ask:

 **Which of these do you think are good reasons for borrowing? Which are not so good? Why?**

Your volunteers can draw a circle around each.

Good = green

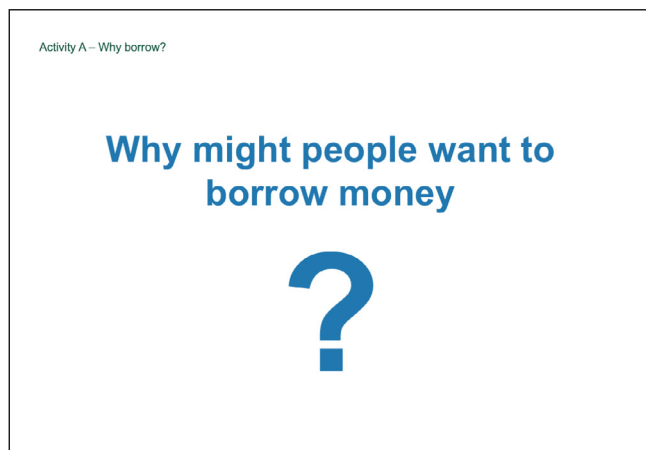
Not so good = red

Continued 

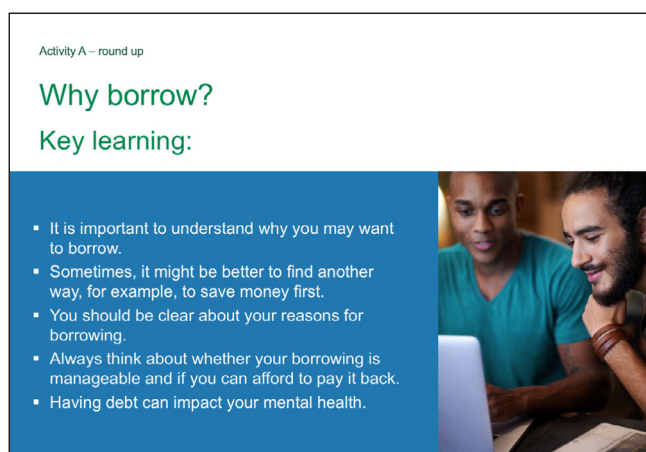
Activity A: Why borrow?

 **18 MINUTES**

You will need **PPT SLIDES 3, 4 and 5 - continued**



PPT SLIDE 4: Why borrow?



PPT SLIDE 5: Key learning

You could also ask: are these reasons a need (e.g. a house), a want (e.g. a holiday) or an investment (e.g. a student loan)?

Your volunteers can note down 'N' (need), 'W' (want) or 'I' (investment) next to each reason.

Use the information below to assist in the discussion:

Basic definitions

Good: Investment in the future or ongoing benefit, e.g. qualifications, financial gain, skills, a loan for car to get to work.

Not so good: No ongoing benefit or no future gain, e.g. clothes, going out, holidays, Christmas presents.

Check that they understand that there are alternatives to borrowing for some of these things. For example, they could try to save part of their income for the things they want or need so they don't have to borrow.

Check that they understand that borrowing (e.g. using a credit card) can protect you when making a purchase of over £100. And if you pay it off in full, you don't pay interest. Check that they remember what interest is.

Continued 

Activity A: Why borrow?

 **18 MINUTES**


You will need **PPT SLIDES 3, 4 and 5 - continued**

Activity A – round up

Why borrow?

Key learning:

- It is important to understand why you may want to borrow.
- Sometimes, it might be better to find another way, for example, to save money first.
- You should be clear about your reasons for borrowing.
- Always think about whether your borrowing is manageable and if you can afford to pay it back.
- Having debt can impact your mental health.



PPT SLIDE 5: Key learning

Alternative way of delivering the activity:

- 1) Instead of doing the True/False quiz, you can pick out some of the statistics and explain them to the group.
 - Ask if participants are surprised by them.
 - Share ideas and thoughts about the benefits and risks of borrowing.
- 2) If you feel that some of the group have experience of borrowing or getting credit, draw on that experience to benefit the whole group. Make sure that people don't feel under pressure to disclose information if they don't want to.
 - Start by checking that everyone understands what we mean by borrowing and credit.
 - Use the quiz as a starting point for a discussion.
 - Then ask for ideas about why people borrow and what the benefits and risks of borrowing are.

Activity B: Understanding borrowing

 **20 MINUTES**

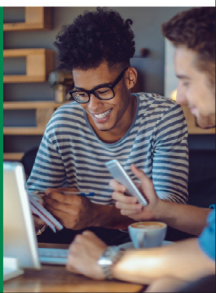
You will need **PPT SLIDE 6**

Activity B – round up

Understanding borrowing

Key learning:

- It is important to know the types of borrowing for each situation that may arise at different stages of your life.
- It is important to know where to get advice – and not to be afraid to ask.
- There are many reputable money advice services and websites that can provide guidance to help you with borrowing decisions.
- It is important to keep safe and to understand the risks when borrowing or using credit.



PPT SLIDE 6: Understanding borrowing


In this activity the participants will learn that:

- There are different types of borrowing and credit.
- They need to understand the basics of borrowing and credit to make informed decisions about it.
- There are risks associated with borrowing.

You will need:

- Resource: Understanding borrowing definition cards.

Start with this question:

-  **Can each of you name one type of borrowing product or way to borrow?**

You could ask another volunteer to come up and write down their ideas on the board or flip chart, if someone is free.

You may want to print one copy of the 'understanding borrowing' definition cards sheet to help with the discussion.

Explain that the activity is going to help them to understand more about borrowing. They will also learn what to look out for when borrowing in order to stay safe.

Ask the group to work in pairs. Ideally, they should face each other.

Give one person in each pair a pack of cards and explain the game.

Note: There are 18 definition cards. You may decide to split the cards and give different pairs different cards.

- The card contains a title, a definition and a clue.
- The person with the cards reads out the definition without saying the title.

Continued 

Activity B: Understanding borrowing

 **20 MINUTES**


You will need **PPT SLIDE 6 - continued**

Activity B – round up

Understanding borrowing

Key learning:

- It is important to know the types of borrowing for each situation that may arise at different stages of your life.
- It is important to know where to get advice – and not to be afraid to ask.
- There are many reputable money advice services and websites that can provide guidance to help you with borrowing decisions.
- It is important to keep safe and to understand the risks when borrowing or using credit.



PPT SLIDE 6: Understanding borrowing

- The other person in the pair must guess what they are describing. They can have the clue if they don't know.
- If they guess correctly, they get the card – and if they don't, the card holder keeps the card.
- The one with the most cards at the end wins.

Bring your group back together and ask:

- ? **How many did you get right?**
- ? **Did you understand them all?**
- ? **Is there anything that really surprised you?**
- ? **When might you use these different types of borrowing? Can you give examples?**
E.g. Credit card to pay for a TV to protect your purchase, a mortgage to pay for a home rather than rent.

Try to encourage each member of the group to respond to at least one question.

You can use your copy of the 'understanding borrowing' resource sheet to help with the discussion.

Continued 

Activity B: Understanding borrowing



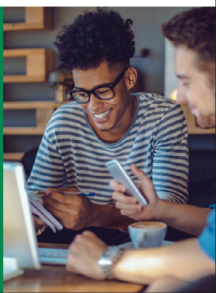
You will need **PPT SLIDE 6 - continued**

Activity B – round up

Understanding borrowing

Key learning:

- It is important to know the types of borrowing for each situation that may arise at different stages of your life.
- It is important to know where to get advice – and not to be afraid to ask.
- There are many reputable money advice services and websites that can provide guidance to help you with borrowing decisions.
- It is important to keep safe and to understand the risks when borrowing or using credit.



PPT SLIDE 6: Understanding borrowing

Alternative way of delivering the activity:

- 1) Instead of using the card game in pairs, you can explain the definitions to the whole group. Use the clues if you need to. The person who guesses what you are describing correctly gets to keep the card. This will still include an element of competition to motivate the group.
- 2) There is a lot of information in this activity. Many of the group may know quite a lot about types of borrowing already. This is a good opportunity for them to gain more knowledge and to have a better understanding of the risks and benefits of borrowing to help their future decision making.
 - Start the activity by asking the whole group to name as many types of borrowing that they know.
 - Write them down on a flip chart or whiteboard.
 - Ask them to split into twos or fours and to think of a short description/definition for each one.
 - They can discuss these and ask one person in the group to write them down.
 - Come back together and ask each group to share one or two of their descriptions.
 - Using your volunteer information sheet as a guide, ask them if they are satisfied with the definitions. Refine the definitions if you need to take account of the group's ideas.
 - Check they have not missed any. If they have, you can end the activity by telling them about the one they've missed.
 - If there are any types of borrowing discussed that there isn't a definition for in the information sheet, encourage the group to go and find the answer after the session.


Activity C: Borrowing decisions



You will need **PPT SLIDES 7, 8, 9, 10 and 11**

Activity C – Borrowing decisions

Ethan




- Ethan's friends have asked him to go on holiday to Ibiza.
- He can't afford it and still owes his Dad money from his holiday last year.
- He's just opened a new credit card account, and so he says yes and buys his flight on the card.
- Six months later, he's struggling to make even the minimum payment each month.

Why did he borrow?
What kind of borrowing was it?
Was it a good or bad decision?
What could he have done?
What should he do now?

PPT SLIDE 7: Borrowing decisions

Activity C – Borrowing decisions

Jasmine




- Jasmine has just got her first job and wants to move out of her parent's home but renting is expensive.
- She has some savings and has applied for a loan that helps younger buyers purchase their first home.
- The payments are fixed for five years so she knows how much she will pay each month.
- She wants to travel in the future, and if she owns her home, then she may be able to rent it out when she is away. She needs to do more research into this.

Why did Jasmine borrow?
What kind of borrowing was it?
Was it a good or bad decision?
What could she do differently?

PPT SLIDE 8: Borrowing decisions

Activity C – Borrowing decisions

Rob



- Rob just got his first job - he doesn't earn a lot.
- He applied for a credit card, but was rejected.
- He went clothes shopping and was offered 10% off his purchase if he signed up for a store card. In the same day, he signed up for two.
- Three months later, he has spent all of the credit available to him.
- The interest payments are really high, and he's worried as he doesn't know how he is going to pay off the debts.

Why did Rob borrow?
What kind of borrowing was it?
Was it a good borrowing decision?
How is it affecting him?
What should he do now?
What could he have done to avoid it?

PPT SLIDE 9: Borrowing decisions

In this activity the participants will learn that:

- There are consequences to our borrowing decisions.
- It's important to know where to go for advice to make borrowing decisions.
- Borrowing can help us to manage our finances.
- It's important to ask for advice if we run into problems with borrowing.

You will need:

- Pen and paper.

Using their new knowledge, the group will consider a range of borrowing scenarios and consider if the character's decision was a good or bad one in their opinion. They will learn about the possible consequences of the choices and available alternatives.

Split the group into twos or fours depending on how many participants people you have.

Explain that you are going to share four short scenarios with them.

Let them know what they need to think about for each one. There are some questions to help them:

- What's going on here?
- Can you name the product or identify the type of borrowing?
- In your view is it a good or bad decision? Why?
- What other choices could they have made?

Explain that they have two minutes to discuss and jot down their answers for each scenario.

Continued ➔


Activity C: Borrowing decisions

 **20 MINUTES**

You will need **PPT SLIDES 7, 8, 9, 10 and 11 - continued**

Activity C – Borrowing decisions

Ethan



- Ethan's friends have asked him to go on holiday to Ibiza.
- He can't afford it and still owes his Dad money from his holiday last year.
- He's just opened a new credit card account, and so he says yes and buys his flight on the card.
- Six months later, he's struggling to make even the minimum payment each month.

Why did he borrow?
What kind of borrowing was it?
Was it a good or bad decision?
What could he have done?
What should he do now?

PPT SLIDE 7: Borrowing decisions

Using **slides 7-10**, show all for scenarios in turn.

Use the volunteer discussion notes below to guide the discussion:

Ethan

- Ethan said yes to a holiday he can't afford to avoid embarrassment. It was a bad decision.
- He doesn't understand that a **credit card** is debt you must repay.
- He doesn't understand that interest builds up.
- It may affect his mental health.
- He could contact his bank / credit card provider. It's really important that he is honest with the lender. They don't want to lose the money they lent him, so they may want to help him repay his debt. If he talks to them, they may be able to support him to do that. If he doesn't talk to them, they will continue to chase the debt and could add extra charges. He should never ignore a problem like this. He should seek help before it becomes bigger.
- It could affect his credit history/credit score in the future if he is unable to repay the debt and/or misses a payment.
- You could explain this by saying: "Have you ever lent money to someone and they didn't pay you back? Would you lend them money again?" A bank/lender is no different.
- He could perhaps borrow from his family to clear the debt, and not use his card again.

Continued 


Activity C: Borrowing decisions

 **20 MINUTES**

You will need **PPT SLIDES 7, 8, 9, 10 and 11 - continued**

Activity C – Borrowing decisions

Jasmine




- Jasmine has just got her first job and wants to move out of her parent's home but renting is expensive.
- She has some savings and has applied for a loan that helps younger buyers purchase their first home.
- The payments are fixed for five years so she knows how much she will pay each month.
- She wants to travel in the future, and if she owns her home, then she may be able to rent it out when she is away. She needs to do more research into this.

Why did Jasmine borrow?
What kind of borrowing was it?
Was it a good or bad decision?
What could she do differently?

PPT SLIDE 8: Borrowing decisions

Activity C – Borrowing decisions

Rob



- Rob just got his first job - he doesn't earn a lot.
- He applied for a credit card, but was rejected.
- He went clothes shopping and was offered 10% off his purchase if he signed up for a store card. In the same day, he signed up for two.
- Three months later, he has spent all of the credit available to him.
- The interest payments are really high, and he's worried as he doesn't know how he is going to pay off the debts.

Why did Rob borrow?
What kind of borrowing was it?
Was it a good borrowing decision?
How it is affecting him?
What should he do now?
What could he have done to avoid it?

PPT SLIDE 9: Borrowing decisions

Jasmine

- Jasmine has done her homework.
- She explored both rent and purchase as an option. Jasmine applied for a mortgage. If she decides to go travelling later, she may rent out the house (if that is allowed).
- She will also have to think about whether she will have to pay tax, and about the responsibilities of being a landlord.
- Other bills must be paid whether you rent or buy.

Rob

- Rob felt he deserved to treat himself.
- But that meant he spent money he did not have.
- He took out **store cards** which have a much higher rate of interest.
- It is already affecting his mental health.
- He should get advice about how to pay it off or look at other options. Whatever he does, he should do his research first.
- It is always important to be accurate when applying for loans. If you are not accurate about whether you can afford the loan, this can be viewed as fraud. It will impact your ability to borrow in the future.

Continued ➔


Activity C: Borrowing decisions

 **20 MINUTES**

You will need **PPT SLIDES 7, 8, 9, 10 and 11 - continued**

Activity C – Borrowing decisions

Malik



- Malik is studying at university. He has taken out a loan to pay for his fees.
- He didn't want to borrow any more, so he has decided to live at home with his parents.
- He works part time and hopes that by the time he finishes university, he will only have his fees to repay.
- He doesn't have to repay the loan until he starts earning a set amount in a job, so he may take a gap year first.

Why did Malik borrow?

What kind of borrowing was it?

Was it a good decision?

Could he have done anything differently?

PPT SLIDE 10: Borrowing decisions

Malik

- Malik is going to university by borrowing using **a student loan** to pay his student fees.
- He knows he does not have to pay it back until he earns a certain amount.

Bring the group back together and talk to them about their decisions. You can go back to each slide to remind them of the questions.

Encourage each member of the group to share at least one response/thought from their discussion.

Activity C – Round up

Borrowing decisions

Key learning:

- It is important to understand our motivations for borrowing.
- Always ask yourself if you can afford it and if you need it?
- We should consider alternatives first, such as saving.
- It is important to know where to go for advice when making borrowing decisions.
- Borrowing can help us to manage our finances.
- It is also important to ask for advice if we run into problems with borrowing.
- We need to understand the risks that can come with borrowing, and that there could be a negative impact on our credit score and credit history if we cannot afford to pay back borrowed money.

PPT SLIDE 11: Borrowing decisions

Alternative way of delivering the activity:

1) Instead of working in groups, you can explain each scenario and discuss the questions together as a whole. Use the notes provided to help move the discussion along.

2) Some participants may have experienced some of the issues in the scenarios. Explain that they are going to examine some short scenarios based on real life.

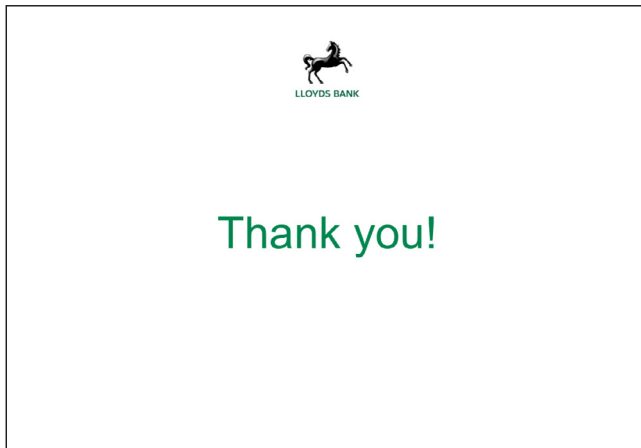
- Read out the first scenario on the slide or let the group read the scenario.

- You could start by asking if the situation sounds familiar to anybody.
- Prompt the group to answer the questions on the slide.
- Use your volunteer guidance notes to talk through some of the issues and ensure that they understand the risks and benefits of the decisions made by the characters.
- Repeat this for each scenario.

To end

 **2 MINUTES**

You will need **PPT SLIDE 12**



PPT SLIDE 12: Thank you!

Thank your group for their time and for contributing to the session/activity.

If you will be working with them again soon, you can tell them what you'll be doing next time.

If you have delivered all three activities, you will have brought out the key learning points from each activity.