Designation	EN-002

Activity name	**Interest and debt**
Activity goal	The goal of this activity is to familiarise students with different types of credit products, to teach them to distinguish basic aspects as debt, credit, interest, interest rate. Explain the importance of the time value of money.
Key words	Debt, Interest, Loan, Mortgage, Credit card
Time limit	30 minutes + 15 minutes for discussion
Target group	High school students
Objectives and tools	A presentation in MS PowerPoint is used for this course. The presentation contains a description and illustrative examples of various types of credit products with a focus on the target group of students as potential users of these products in the near future.
Annotation	This course is aimed at increasing the financial literacy of high school students in order to provide them knowledge that will allow a better understanding of a private debt. During a class we will learn about different types of loan and credit products, we will look at the advantages and disadvantages of individual products and we will also talk about the consequences of not paying the loan.
Methodology	the teaching curriculum consist of one presentation on mentioned topic, and it is used as a main educational tool during the class. This lesson should break down key terms in loan taking such as debt, interest, interest rate, APR, loan, credit, etc. One of the objectives is to compare benefits and drawbacks of different types of banking products, get understanding of using credit and debit cards, account overdraft and other bank products. The presentation involves a case-study application to demonstrate how selected bank products do work in real life. Teacher explains the key elements of the topic and discusses it with the audience.
Theory	Theoretical aspects of this lesson are aimed at the explanation and definition of key terms related to the personal debt of the individuals. It is necessary to not only discuss the reasons people decide to get a personal loan, but it is needed to explain to students that increasing individual's indebtedness is not the right way to solve long-term financial problems or satisfy short-term needs. While introducing the concept of personal debt it is important to clarify the difference between interest and interest rate. It should be noted that when taking any type of loan, we need to focus rather on APR than compering interest rates. APR usually stands for annual percentage rate and it represents the annual costs of a loan to a borrower expressed as a percentage.

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	Unlike an interest rate, it includes other charges or fees such as mortgage insurance, most closing costs, discount points and loan origination fees. The presentation guides students in becoming aware of different types of credit and loans. Furthermore, practical examples are used to demonstrate how monthly instalment for credit is calculated. Teacher also discusses situations when the borrower is unable to repay the loan. There is also a recommendation for efficient financial management presented as "10: 20: 30: 40" rule.
Examples	This course provides various examples from the real-life situations using fact numbers, statistical data and short case-studies intended to demonstrate individuals credit decision making. At the end of case-study students are asked to discuss whether the decision to take a concrete type of credit was reasonable or not. This activity should prepare students to enter the financial word and use the credit wisely to avoid unmanageable debt in the future.
Referencies	[1.] Samuelčík, O. (2013). Finančná gramotnosť do školských lavíc. [2.] Zokaityte, A. (2017). Financial Literacy Education. Springer International Publishing AG.

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