

Choosing and managing your bank accounts

Age range: 16+



Barclays LifeSkills have partnered with Spectra First to support those leaving care to build their employability skills and financial capability. As a signatory of the **Care Leaver Covenant**, alongside other organisations, Barclays has committed to offer a different type of support and expertise from that statutorily provided by local authorities. For more information visit mycovenant.org.uk.

Pages 1-2 of this pack are delivery notes for the facilitator, and pages 4-8 are worksheets for young people. Page 9 has a list of links for further support.

Types of account

15 mins

Ask the group/individuals if they have a current account of some kind.

- If they do, ask them how they chose it. Responses may include the following:
 - The account came with a free gift
 - The account came with a free overdraft for a limited period
 - The account came with a good rate of interest
 - They've had the account for some years and it was set up by someone else
 - It came top of the list of a search engine
- Explain that there are lots of options in choosing an account and it's worth shopping around for the best option for your needs
- Explain that in choosing an account they should compare what they need with what's being offered. Examples are:
 - A free gift is only a saving if it's something that you will actually use (for example, a free railcard is a good incentive if you use the train a lot or will do in the future. It is worthless if you never travel by train)
 - Free annual travel insurance may be helpful if you travel a lot over the period of a year. If not, it may be cheaper to buy one-off insurance and look for an account with other incentives
 - A free overdraft facility can be helpful in certain situations (e.g. budgeting on a university loan that comes in termly) provided you manage it well and make sure that you know when the free period ends.
 - If you have a big overdraft you need to ensure you can clear it before you start being charged for it.
- Make sure you raise these points about overdrafts:
 - They should always be authorised by your bank, i.e. you have a given amount you are allowed to be overdrawn by. If you go over that amount you will incur additional charges and it may affect your credit rating
 - Check that this is the best method of borrowing for your needs
 - An instant access account is essential if you are likely to need savings quickly in an emergency, but it will pay less interest than an account for which you need to give a period of notice for withdrawals
 - An online account is the most accessible for checking your balance on a regular basis but it won't serve well if you're living somewhere with unreliable or insecure internet access
 - Accounts designed for care leavers that aim to help them build a closer relationship with their local branch
- Visit the [bank account comparison tool](#). Explore the terminology by hovering over the different sections. Discuss the contactless symbol and ensure that they know what the current spend limit is for contactless payment
- In small groups, ask them to consider the different features of the accounts and decide which one is most suitable for the fictional characters on **Worksheet 1**. You could print out the case studies or work through them on screen

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Types of account (cont'd)

- Explain that what we need from an account may change over time and it's worth re-evaluating as circumstances change, for example student accounts and graduate accounts. Many accounts offer new customer incentives if you can pay in a regular salary once you've started working. Make sure you also discuss the importance of taking action to avoid identity theft and keeping financial and personal details safe online

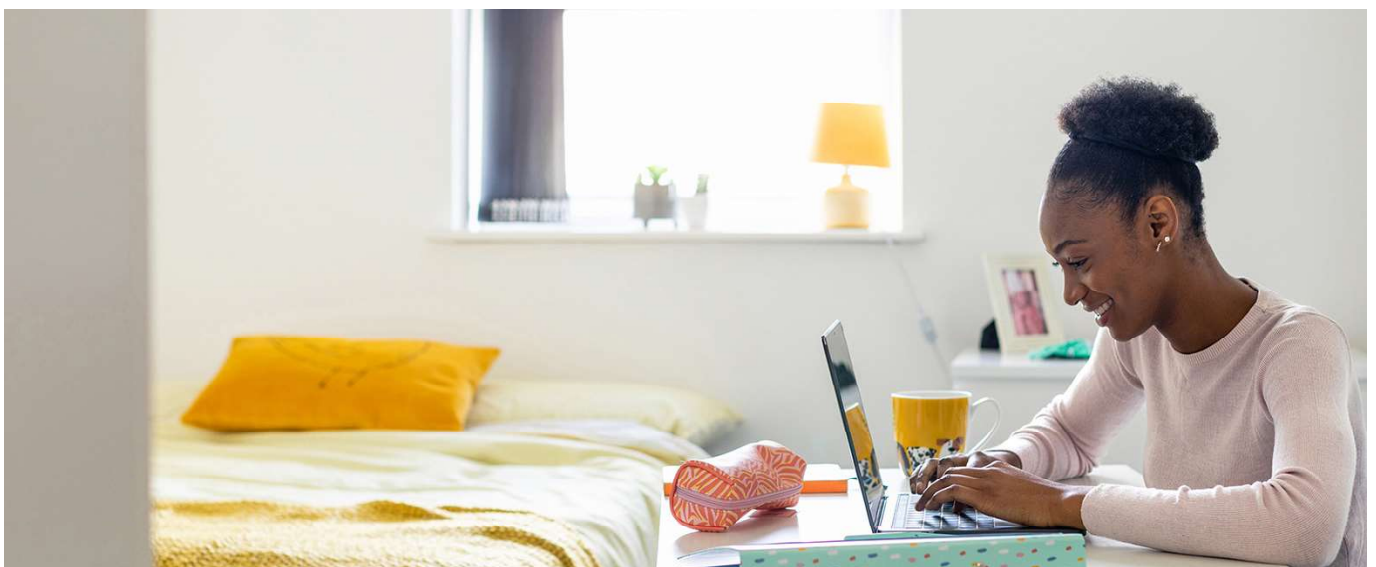
Checking statements

15 mins

- If the group/individual have bank accounts, ask whether they check their statements, and whether this is via a paper or online statement
- Explain that most providers now offer the ability to check your balance and make transactions on phones or tablets and this is worth using, e.g. if you're deciding to make a spontaneous purchase on your debit card and need to be sure you have funds to cover it. Individuals can also set up a text alert system to get a regular update on their balance of their account or a message when they are near to becoming overdrawn
- Bank statements display all account transactions within a given period. Ask why it is important to read bank statements and keep track of transactions – both money coming in and money going out
- Explain that it's especially important to keep an eye on spending to spot possible fraudulent transactions or incorrect charges

What information do they think is shown, or have they seen before, on a statement?

- Explain that it's worth storing (securely) electronic copies of online statements as many online systems only allow you to look back online for a six-month period and you may want to keep information for longer than that
- Use **Worksheet 2** to show them an example bank statement. Explore the different terminology listed on **Worksheet 3** and ask individuals/groups to match the definitions to the relevant parts of the statement
- When the group/individual is comfortable with the terminology and layout, ask them the following comprehension questions relating to the account – you may want to choose the ones that are most appropriate for your group, or add your own



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Checking statements (cont'd)

How much income was received during the month?

Answer: £335 in wages and a cheque for £185

What does the direct debit cover?

Answer: Her water bill

Did she incur any charges she could have avoided this month? If so, how much?

Answer: Yes – £1.75 because she used an ATM that charges for withdrawals. There are around 70,000 cash machines in the UK, and 97% of them don't charge a fee (accurate as of Jan 2017)

Explain one way in which the bank statement helps Miss L Jones to manage her personal finances

Answer: She knows how much money she has left at the end of the month, and that her regular payments are going out

What is the difference between a standing order and a direct debit?

Answer: Both are methods of making regular payments – standing order amounts are controlled by you, whereas the direct debit amount is set and can be changed by the organisation being paid, once you have signed a direct debit agreement

If the payment to the bank on 21st June included 12% interest, how much of his loan did she pay off?

Answer: £85.00

When is her birthday?

Answer: Personal information is not displayed on a statement. You should be careful who you share this type of information with, and what information is accessible on social media, as fraudsters collect this to help them steal people's identity. Think carefully how you use your personal information, for example, when selecting a PIN you should not use obvious numbers like your date of birth.

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Worksheet 1: Case studies

Ashraf, age 21



- Working full-time in a tech job, walking distance from home
- Likes to buy the latest tech products, which he doesn't always have the money upfront for
- Thinks about the future a lot as he wants to complete a computer animation course and needs to save to pay for it
- Doesn't tend to spend a lot on going out with friends or transport
- Would like a convenient way of keeping track of his money

Caroline, age 19



- Studying at college and has a part-time job
- Likes to shop and keep up with the latest designer trends, but is also generous and spends money on other people
- Tends not to think of the future, and believes 'life is for living' so doesn't save much each month
- Has a car to get to work, and gives lifts to her friends as most of them don't have a car

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Worksheet 1: Case studies

Eddie, age 17



- Recently moved into his own place and keen to start taking more responsibility with his money
- Since he's been able to work, has been putting away small regular savings
- Just got a part-time job, and would like to save some of this money for when he goes to university next year

Natalia and Liam, age 25



- Living together as a couple and both working full time
- Natalia works over time at weekends so they have extra money but they like to spend money on going out together when they get a chance
- Liam isn't great at keeping track of his money and has had trouble paying off a credit card and overdraft in the past


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Worksheet 2: Reading a bank statement

Statement period		Account Name	Account Number	Sort code	
1 June to 30 June		Miss L Jones	68564539	00-00-00	
Date	Payment Type	Details	Paid Out	Paid In	Balance
1 June		BALANCE BROUGHT FORWARD			£148.85
5 June	ATM	ATM Hackney	£20.00		£128.85
5 June	DR	Charge	£1.75		£127.10
11 June	POS	Super supermarket	£25.00		£102.10
12 June	DD	N.E. Gas and Heating Ltd.	£18.00		£84.10
17 June	CR	Wages		£335.00	£419.10
21 June	SO	DoorSteps loan payment	£95.20		£323.90
24 June	CHQ	000478		£185.00	£508.90

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Worksheet 3: Match the definitions

Term	Definition
	Shows when the money left or entered your account. This might be different to when you paid for something, as there can be a delay between the transaction and the money leaving/entering your account
	The value of each transaction
	How much you had at the start of this period of time
	A form of regular payment based on an agreement that someone (usually a company) will withdraw money from your bank account
	A running total of how much you've got in your account and how much you have at the end of the period of this statement
	Money left your account, generally a purchase from a retailer. Contactless payments are likely to be reflected with this code and with the symbol 
	The time period covered by the statement
	Money left your account
	A six-digit code that identifies your bank and the branch
	A payment you can set up either to pay another person or organisation as a one off or on a regular basis. You can set up, amend or cancel the payment as and when you like
	A cashpoint
	Your unique reference that identifies each customer
	Money went into your account
	Cheque

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Worksheet 3: Match the definitions – answers

Term	Definition
Dates	Shows when the money left or entered your account. This might be different to when you paid for something, as there can be a delay between the transaction and the money leaving/entering your account
Paid in/paid out (or credits/debits)	The value of each transaction
Balance brought forward	How much you had at the start of this period of time
DD (Direct Debit)	A form of regular payment based on an agreement that someone (usually a company) will withdraw money from your bank account
Balance	A running total of how much you've got in your account and how much you have at the end of the period of this statement
POS (Point of sale)	Money left your account, generally a purchase from a retailer. Contactless payments are likely to be reflected with this code and with the symbol)))
Statement period	The time period covered by the statement
DR (Debit)	Money left your account
Sort code	A six-digit code that identifies your bank and the branch
SO (Standing Order)	A payment you can set up either to pay another person or organisation as a one off or on a regular basis. You can set up, amend or cancel the payment as and when you like
ATM (Automated Teller Machine)	A cashpoint
Account number	Your unique reference that identifies each customer
CR (Credit)	Money went into your account
CHQ	Cheque

Further support

The following links can be explored to get further advice on a number of topics around managing finances and living independently:

The Childrens Commissioner (general advice for those up to 25)

childrenscommissioner.gov.uk

The Rees foundation (general support for Care Leavers of any age)

reesfoundation.org

Care Leaver Covenant (help finding job opportunities)

mycovenant.org.uk

The Association of British Credit Unions (help finding the right credit unions and general information about these)

findyourcreditunion.co.uk

Propel (support for those going to university, including financial advice)

propel.org.uk/UK

Citizens Advice Bureau (general legal and financial advice)

citizensadvice.org.uk

Step Change (debt management advice)

stepchange.org

Money Helper (general financial advice)

moneyhelper.org.uk

Debt Advice Foundation (free, confidential debt advice charity)

debtadvicefoundation.org

Benefit calculator (free tool to help find estimates for benefits entitlements)

entitledto.co.uk/help/better-off-calculation

Experian (free tool for credit score checks)

experian.co.uk

If you are a young person and want to know more about money and work, register at

<https://barclayslifeskills.com/help-myself/>

If you are working with young people who have experienced care, explore more adapted content at

barclayslifeskills.com/help-others/lessons and select 'Care leavers'.

Many other LifeSkills lessons are also suitable for use with care leavers to support them on their employability journey. To find out more, go to barclayslifeskills.com/help-others/lessons and select the 'Building key skills to do well at work' category.