



SESSION 4: Financial Literacy

OBJECTIVES

1. To give an overview of the services of banks.
2. To familiarize clients with the appearance and value of U.S. currency.
3. To give an understanding of how to create a budget, and how to economize.

WHAT YOU WILL NEED:

Flipchart
Markers
U.S. currency
“Sample Check” (attachment 7)
Sample debit card
“The Bean Game” (attachment 8)
“Mock Budget” (attachment 9)

HOW TO DO IT

DISCUSSION

- Discuss, using the following questions:
Do you know how to count, add, subtract, multiply?
What were your expenses in Somalia/Kenya?
Have you ever had a bank account?
Are you familiar with strategies to save money?
What are your financial goals?

Explain to your clients that this session will give a basic overview of banking and budgeting. It is important for clients to continue learning about this subject, so that they will have financial security in the future.

BANK

- Give an overview of the bank – explain that a bank is a secure place to keep money, and that money can be deposited or removed from an account at any time. Explain that a checking account allows the client to write checks to individuals or organizations, which is often a preferred way of paying bills. Using the sample check (attachment 7) show your clients how to fill out a check. Explain that a debit card will allow the client to access money at an ATM machine. Show

your clients the sample debit card. Be sure to remind clients that when they write a check or withdraw money from the ATM, they must have enough money in their account to cover the expense.

CURRENCY

- Show your clients a dollar bill, a five-dollar bill, a penny, nickel, dime, and quarter. Explain the amount of money that each of these items represents. Give an example of what a penny can buy, what a nickel can buy, what a dollar, ten dollars, etc., can buy.

BUDGET

- Discuss possible monthly bills the clients will have, including:

Rent

Utilities

Food

Transportation

Daycare

Medical insurance

Travel loan

- Discuss what a starting salary for your clients may be.
- Discuss “good credit.”

Credit is “confidence in the truth of something.” You have good credit when lenders, based on your credit history, are confident that you will repay them. Good credit is essential to procuring a loan for a house, a car, education, etc.

Explain the importance of making payments on time, particularly the importance of making payments on the travel loan on time.

- Discuss spending priorities. Discuss sending money back to Kenya and Somalia and how to send it – explain that sending money through a middleman may result in that individual taking a cut, or the money not reaching Kenya or Somalia at all.
- Explain the concept of “best buys” – discuss items on sale, used items – identify local businesses that sell affordable items.

BEAN GAME

- Play the Bean Game (attachment 8). (optional)

CREATING A BUDGET

- Create a budget (attachment 9). (optional)