

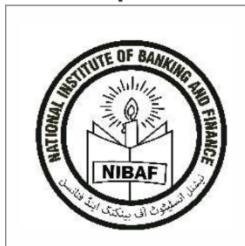
Integration of Financial Literacy into the National Curriculum

Handbook for
Secondary Level Teachers





The State Bank of Pakistan (SBP) is incorporated under the State Bank of Pakistan Act, 1956, which gives the Bank the authority to function as the central bank of the country. The SBP Act mandates the Bank to regulate the monetary and credit system of Pakistan and to foster its growth in the best national interest with a view to securing monetary stability and fuller utilisation of the country's productive resources.



A subsidiary of the central bank of the country, State Bank of Pakistan, NIBAF is a leading institute for the training of central and commercial bankers, micro and rural finance providers and management professionals of the country. It has extensive capabilities and expertise to design, develop, deliver and manage different types of training programs, workshops and seminars in subjects relevant to Economics, Banking, Finance and Management.



Pakistan Alliance for Early Childhood (PAFEC) is a national alliance of Early Childhood Development (ECD) stakeholders in Pakistan. PAFEC is registered with the Securities and Exchange Commission of Pakistan (SECP) under section 42 of the Companies Act, 2017. The Alliance is governed by a high-profile Board of Directors consisting of serving and retired government officials, representatives of civil society organisations and academia who are making a difference in the fields of early childhood development, education, health, nutrition, child protection and community development. The Alliance's secretariat is located in Islamabad.

Acknowledgement

The primary objective of this assignment is to integrate the financial literacy content into the National Curriculum at Secondary Level education in Pakistan so that the subject can be institutionalized and sustained over time. After a rigorous and appropriate selection process, NIBAF has engaged the services of “Pakistan Alliance for Early Childhood (PAFEC) to develop financial literacy curriculum and to integrate it into the National Curriculum from Grades 6 to 12. One of the key deliverables of this assignment was to create a Training Manual to train teachers at the Secondary Level and a Handbook for the trained teachers to take with them to educate students on the basic concepts of financial literacy. The PAFEC management would like to acknowledge the efforts of several parties involved in developing these training materials.

PAFEC pays its gratitude to the technical support provided by Muhamad Rafique Tahir, former Joint Educational Advisor of the Ministry of Federal Education & Professional Training, as well as the curriculum and subject experts, who ably supported the development of this training material by contributing their knowledge, experience, and valuable feedback.

Special thanks to the NIBAF team who provided the leadership and guidance in developing and implementing the initial version of the training materials during the pilot teacher training programme held at NIBAF on 2-3 August 2022, with 40 primary school teachers across Islamabad. A special note of thanks to the participating teachers for their review and suggestions for improvement.

Many people were involved in preparing this training material, without which it would not have been possible to complete this course. Of particular note are the efforts of Shahnaz Kapadia Rahat, CEO, Mera Maan Pvt. Ltd., who has put in her 36 years of module and curriculum development experience into designing the training material. Likewise, the efforts and contributions of Daniyal Kapadia Rahat and Chanzé Ahsan are worth mentioning, who provided continuous support, relevant information, and ground facts that made the development of this training module possible. The Mera Maan graphics team has also played a vital role in putting together the information in a logical sequence and making its presentation beautiful.



Khadija Khan
Chief Executive Officer
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Acronyms

ATM	Automated Teller Machine
CPI	Consumer Price Index
CTS	Cheque Truncation System
EMI	Easy Monthly Installment
EPD	Exchange Policy Department
FL	Financial Literacy
GST	General Sales Tax
IR	Irregular
MICR	Magnetic ink character recognition
NFLP	National Financial Literacy Programme
NFLP-Y	National Financial Literacy Programme for Youth
NIBAF	National Institute of Banking and Finance
PAFEC	Pakistan Alliance for Early Childhood
PKR	Pakistani Rupee
POS	Point of Sale
SAC	Shariah Advisory Committee
SACCOs	Savings And Credit Cooperative Societies
SBP	State Bank of Pakistan
SMS	Short Message Service
ST	Secondary Level

Introduction

Financial literacy is the cognitive understanding of financial elements and skills such as saving, investing, financing, entrepreneurship, budgeting, personal financial management etc. The skills associated with financial habits and norms allow a person to more easily make financial decisions based on their attitudes, values, emotions, social norms, and contextual cues. These skills help people decide what's desirable and possible financially and guide their day-to-day behaviours, ranging from decisions about splurging on a treat to how much to save in a retirement account.

According to the "Access to Finance" survey carried out by the State Bank of Pakistan (SBP) in 2015, more than 50% of the adult Pakistani population (53%) is financially excluded. SBP defines financial exclusion as a lack of access to formal financial services such as quality payments, savings, credit and insurance services which meet their needs with dignity and fairness. In this regard, only 2.4% of the population has access to credit from formal financial sources. Concepts such as saving, investing, and budgeting are still nascent for most Pakistanis, with many lacking essential money and financial planning skills.

Recognizing the urgent need to improve Financial Literacy (FL) amongst the masses, the government of Pakistan took the initiative to support and enhance the financial literacy ecosystem in Pakistan. As a result, the State Bank of Pakistan launched two programmes in the past decade, i.e., the National Financial Literacy Programme (NFLP) and the National Financial Literacy Programme for Youth (NFLP-Y).

The State Bank of Pakistan implemented the NFLP for approximately 1.5 million low and middle-income households to impart knowledge and understanding of financial concepts, banking/financial products and services. The objectives of the programme were as follows:

- Develop skills and attitudes towards budgeting, savings, investment, debt management, financial negotiation, rights and obligations.
- Facilitate behavioural changes and practices to improve financial outcomes, including financial well-being through increased savings, improved debt management, and perceived financial stress or satisfaction.

The training material was story-based and specially designed for low-literate participants, including participatory, interactive activities.



The second initiative by the State Bank of Pakistan was the design and implementation of the NFLP-Y. NIBAF (National Institute of Banking and Finance) led this programme to implement it for children and youth in schools, colleges and universities at different ages. The NFLP-Y was designed as a stand-alone intervention, implemented through trained trainers. To this end, NFLP-Y developed three offline modules/storybooks (in English and Urdu) - the Pomegranate storybooks and the POMPAK app.



To date, the NFLP-Y has conducted more than 21,000 training sessions in 45 districts of Pakistan and trained around 700,000 students through face-2-face training. This programme targets three age groups (school-going children: ages 9 - 12 years; adolescents: ages 13 – 17 years; Youth: ages 18 - 29 years).

The State Bank of Pakistan's 'PomPak – Learn to Earn' is a fun way to learn how to make money, grow money, and keep the money. Those who complete this free game, get a completion certificate as well. The scope of the game is equally loaded as users learn about saving money, frugal living choices, borrowing, ethical behaviour, budgeting, and different financial tools offered by banks.

E-Learning Outreach

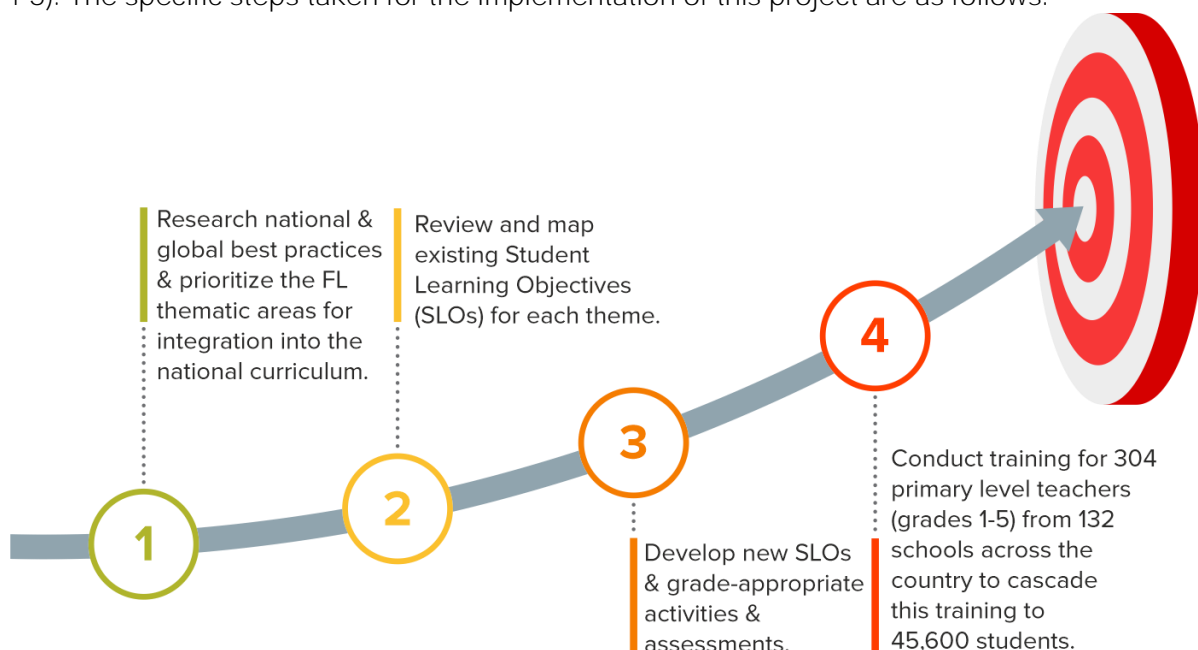


- 9-12 year (100,080)
- 13-17 year (127,948)
- 18-29 year (362,201)

Total Enrollments: **590,229**



Based on their experiences of implementing stand-alone financial literacy courses, the State Bank of Pakistan and NIBAF concluded that the next step was to integrate financial literacy into the National Curriculum of Pakistan at primary, secondary and tertiary levels. This would enable intergenerational transformation leading to sustained knowledge, skills and attitudinal change. A project was announced to this end. Pakistan Alliance for Early Childhood (PAFEC) won the project to integrate Financial Literacy into the National Curriculum for Secondary Level (Grade 1-5). The specific steps taken for the implementation of this project are as follows:



The Handbook contains ten prioritized financial literacy themes as follow:





The repository of activities, and the session details, are indicative. The teachers can use these to develop new activities or adapt to their student's unique needs and circumstances.

We hope, as teachers, you enjoy the activities proposed in this Handbook and use these extensively in your various classes. We have added an Action Plan (as Annex-1) which you may use to plan the integration of the financial literacy content into the different subjects you currently teach.

We wish you the best of luck.



Income

1

I. What is Income?

Income is money an individual or business receives to provide labour, produce a good or service, or invest capital. Individuals typically earn income through wages or salary, while businesses earn income from selling goods or services above their cost of production.

There are two types of income, i.e., earned or active income and passive income. Some examples of each are as follows:

- Earned or active income: wages or salary, day job, labourer, fees for part-time or consulting work, customer service work, etc.
- Passive income: renting properties, becoming a shareholder in a company, having a savings account that earns profit, buying stock in various corporations, investing in mutual funds, becoming a part owner of a company, renting or leasing equipment, etc.

An additional source of income for some is the inheritance or gifted income, where one may receive assets, including cash and property, from others or after someone dies. The best scenario is where people have access to multiple sources of income to generate money, which they can then use to meet their needs and wants.

Income provides economic resources that shape people's choices about housing, education, child care, food, medical care, and more. Wealth, the accumulation of money in terms savings and assets, helps cushion and protect people in times of economic distress. As income and wealth increase or decrease, so does health. Although, it may sound very materialistic, but the breadwinner's income is very important for the survival of the family. This is particularly true if the family feeds off a single income.

The importance of income can never be over-emphasized and is accentuated when the income ceases to flow in due to illness or death of the breadwinner. Life is predictably unpredictable, and you can never be sure when tragedy might strike your family. In that context, it is very important for children to learn about and indulge in income generating activities as soon as they are legally allowed to work as it will make them financial independent of others and help them achieve their goals in life. In this theme, students will learn about importance of income, lawful earning, different sources of income, difference between income and credit and impact of education, skills and economic conditions on the income.

II. Key Messages About Income

Q-1

What is income?

Money received, especially on a regular basis, for work or through investments.



Q-2

Where does income come from?

There are many different sources of income including;

- Wages and salaries (e.g., Ali has a salary as a teacher)
- Gifts from others (e.g., Pocket money or allowances that children get from their parents)
- Profits from business (e.g., Hassan gets a profit from his fruit shop by selling fruits)
- Providing Services (e.g., a lawyer provides legal advice in return for Money)
- Profits from investment (e.g., profit received on savings in a savings account)
- Government transfers (e.g., government pensions, subsidies, benefits)
- Inheritance: money someone receives from their parents or family upon the death of that particular family member e.g., parents

Q-3

Why should one earn an income?

Income provides economic resources that shape choices about housing, education, child care, food, medical care, and more. Wealth, the accumulation of savings and assets, helps cushion and protect us in times of economic distress.

Q-4

What can one do with an income?

Income brings in money which is converted into spending and saving.

Q-5

Why have an active income?

An active income ensures that there is a consistent income stream that allows you to make money in a short and defined period of time i.e., salary. Often, an active source of income is necessary in order to lay the foundation for a passive source of income.

Q-6

What is the advantage of a passive income?

Money is limited or finite. It helps generate extra cash flow, whether through running a side business or just getting a little extra dough each month, especially as inflation rages throughout the economy.

Q-7

Do children have a source of income?

Some have pocket money, some receive cash gifts from relatives and parents, some engage in activities such as giving tuition, selling old toys, books, old clothes (with parents' permission), recycle packing and packaging material, etc. Some children may also perform additional tasks for the family (other than shared responsibility) and earn an income to meet the target for purchase of a particular item such as a computer, toy, stationery, etc. Children must distinguish between shared responsibilities as members of a family, and home tasks that earn them money.



Q-8

Who is capable of earning a better income?

- Those with better education
- Those with better goodwill and work experience
- Those who have full-time jobs rather than part-time or seasonal work
- Those who have received training and have better skills and knowledge
- Those who have the capacity to work very hard
- Those who live in areas with many jobs opportunities
- Those who have better social connections
- Those who have multiple sources of income, i.e., active income, portfolio or investment income, passive income

Q-9

What must one do to increase income?

Increase level of effort, time, skills, education, contacts and connection. One should also learn to live within ones means to lead a quality and dignified life.

Q-10

What is fixed and variable income?

Income can be either fixed or variable.

- Fixed income remains the same over a certain period of time. For example, if someone is earning a salary of Rs. 50,000 per month, it will be considered as fixed income.
- Variable income changes over a certain period of time. For example, if someone gets a profit from a business of Rs. 50,000 in one month, Rs. 70,000 in the second month and Rs. 70,300 in the third month, then profit is an item of variable income.

Q-11

What is the difference between income and credit?

Every credit or a loan needs to be paid back. It is not to be treated as money earned or income. When people earn the money from salary or wages, etc. it is their income whereas credit or loan is not their income. On the other hand, repayment of the installments of credit is the expense.

Q-12

What is earning power?

- Earning power is the ability to earn money in exchange for work.
- In our society, people with higher education and more skills earn more money on the job than those with less education and fewer skills.
- There are several ways that people can increase their earning power:
 - One way to increase earning power is to increase the amount of time people work. If they get paid by the hour, for example, they can earn more by working more hours.
 - A second way to increase earning power is to achieve more results on the job. For example, if someone has a job as a salesperson, he/she may be paid more for making more sales, no matter how much time it took him/her to do that.



Q-13

What factors limit people's income

- Education: Lack of education limits your career choice and earning power.
- Skills: Lack of latest **technical skills** limits people's ability to produce a good product, ability to operate equipment, implement knowledge and abilities which ultimately limits their earning power.
- Conditions of the economy: Economic conditions in the country such as wage legislation regarding minimum wage, War, terrorism, unemployment, scarcity of business opportunities and acts of God such as floods or earthquakes also limit person's ability to earn income.
- The level of demand that exists for the type of labor you are skilled/trained/educated to provide, also impacts income.

Q-14

What is profit and loss?

- Profit describes the financial benefit realized when revenue generated from a business activity exceeds the expenses, costs, and taxes involved in sustaining the activity in question.
- A loss is an excess of expenses over revenues, either for a single business transaction or in reference to the sum of all transactions for an accounting period.
- In the case of an individual, if income is greater than expenses, he or she will have savings.
- In the same way, in the case of a business, if income is greater than expenses, it will have a profit.
- But, in the case of a business, if expenses are greater than income, it will have a loss.

Q-15


What is a lawful earning?

Lawful earning means to earn our living by legitimate and lawful means. Lawful things are known as Halal and the things, which are not lawful, are known as Haram. Lawful things are obligatory on every Person. Wealth earned through pious and righteous means will not go with the man to the other world, but its virtue will.

III. **Learning Outcomes:** By the end of the session, learners will be able to...

1. Recognize that income is a source of money and is received in exchange for work.
2. Understand that money is finite and must be earned.
3. Describe the different sources of earning money, including passive and active.
4. Describe how career choices, education, skills, and economic conditions affect income.
5. Describe why income earning capacities vary, and the consequences of having more or less money.
6. Recognize that there are different legal and illegal ways of expanding one's revenue streams.

IV. Repository of Activities for Students

Activity	KNOW THE LINGO									
(ST) 1.1	الفاظ کی پہچان									
Learning Outcome	By the end of the session, learners will be able to:									
	<ul style="list-style-type: none">• Recognize that income is a source of money and is received in exchange for work.• Describe how career choices, education, skills, and economic conditions affect income.• Describe why income earning capacities vary, and the consequences of having more or less money.									
Subject/s	Urdu	C.Sc	Hist.	Math	Islamiat	Pak.S	Econ	Grade/s	9-12	

Step-1: Tell the students that there are certain terms associated with jobs and careers that they should be familiar with for future reference.

Step-2: Write the 9-terms on the board. Tell the students that you will now read out a statement and they must link the statement with one of the terms on the board.


#	Terms	Definition
1.	Benefits	A period of time away from your job, sometimes paid for.
2.	Cost of Living	The age at which you stop working full time.
3.	Income	Consumer prices, consumer spending, and profit rates
4.	Insurance	Retirement plan that is funded at least in part by an employer.
5.	Leave	A fixed amount of money paid to an employee for each pay period
6.	Retirement	Money that a person receives such as a paycheck from a job, an allowance from parents (inheritance), or profit earned on a savings account.
7.	Wages	Price of food, transportation, housing, and other expenses.
8.	Pension Plan	A method for spreading individual risk among a large group of people to make losses more affordable for all.
9.	Economic Conditions	Something the company offers besides a paycheck.

Step-3: Read out the statements, one by one, and make sure that the students link them correctly.

Step-4: Tell the students that it is important to know the terms associated with a job or career so that one may ask the right questions while comparing two jobs. Ask the students to help you list on the board the kinds of employer benefits that a job can offer. Make sure that you note the following:

- Health Insurance, which covers employee medical costs related to illness or injury, where some companies cover health costs of the immediate family, and parents.
- Life Insurance, where the company provides money to a beneficiary after the death of the insured.
- Some other benefits include child care, relocation expenses, tuition reimbursement, transportation, wellness program, gym membership costs, discounts on products/services, pension plan, retirement package, unlimited vacation days or flexible work hours.



Activity	JOBS AND CAREER						
(ST) 1.2	کام کاج						
Learning Outcome	<p>By the end of the session, learners will be able to:</p> <ul style="list-style-type: none"> Recognize that income is a source of money and is received in exchange for work. Describe the different sources of earning money, including passive and active. Describe how career choices, education, skills, and economic conditions affect income. Describe why income earning capacities vary, and the consequences of having more or less money. 						
Subject/s	Urdu	C.Sc	Hist	Math	Islamiat	Pak.S	Econ
Grade/s	6-9						

Step-1: Write the words “JOB” and “CAREER” on the board. Ask students to think about the difference between a job and a career. Take various responses and explain that a career is an occupation one implements for a significant period of one’s life. For example, being a nurse or nursing is a career. Jobs refer to tasks undertaken during one’s career. For example, administering injections is the nurse’s one of many jobs.

Step-2: Tell the students that they are now teens and young adults. Within a few years they will be working for the first time, generating an income of their own. Surely there must be times when as students you must wonder - what kind of job will we end up in? Tell them that today’s discussion will guide their thinking in this direction.

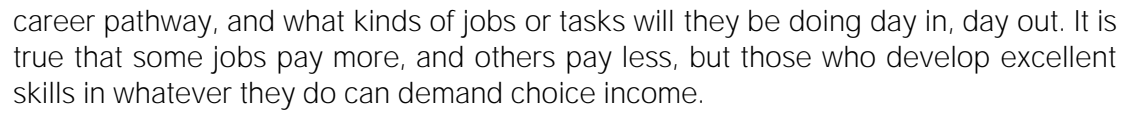
Step-3: Write on the board two words, i.e., DREAM JOB. Ask the students to close their eyes and think of a job or tasks that they would like to do, even if they did not get paid for it. Ask everyone to write in their notebook a brief description of their dream job. Then organize the students in groups of 5-6 members and ask them to discuss their dream job with each other.

Step-4: Tell the students that most jobs will give them an income. So why define and then pursue a ‘dream job’. Explain that if one wants to excel in life, then they must combine passion with income. In order to make sure that they work towards a dream job, in their groups, students should ask each other the following questions:

1. What are their interests? What excites them?
2. What are they good at? What skills do they have?
3. What do they want to do after high school or college?
4. What is their dream job, and why?
5. What skills do they think are need for their dream job?
6. How will they acquire the skills needed for their dream job?

Step-5: Invite 1-member from each group to share their discussion on their dream job, and what they may do in future to pursue it.


Step-6: Conclude the discussions by highlighting that it is critical to have a destination and game plan for how you will generate future income. There is a quotation – if you don’t know where you are going, any road can take you there’. It is therefore essential that students have an idea of what will be their core source of income. What will be their



Step-7: Tell the students that they can ‘check out’ their possible career pathways even while they are in school by doing internship and apprenticeship. Emphasize that there is no one “right” path and that everyone has unique values, goals, passions, dreams, and skills.

[illegible]




Activity	CAREER PATHWAY						
(ST) 1.3	قدم بڑھے - کیریئر بنے						
Learning Outcome	<p>By the end of the session, learners will be able to:</p> <ul style="list-style-type: none">Describe how career choices, education, skills, and economic conditions affect income.Describe why income earning capacities vary, and the consequences of having more or less money.						
Subject/s	Urdu	C.Sc	Hist	Math	Islamiat	Pak.S	Econ
Grade/s	8-12						

Step-1: Ask the students to raise their hand if they already have a sense of the kinds of jobs or career they plan to take. There may be some who raise their hand. Ask them to share with the class their job and career ideas. Note these on the board. Ask the students show through show of hand if some have more than one idea. Tell the students that it is good to see that some of them already have a sense of their career path. And some do not know where they are heading. However, there are some tools that can assist them to finalize their decision. One of them is a set of questions that they should ask themselves, and based on the answers determine their career pathway.

Step-2: Encourage students to consider the following questions in deciding their career pathway:

- What are my interests? Do I enjoy working with people, animals, data, books etc.? What activities would I miss most if I could no longer do them?
- What are my values? In addition to financial security, consider what else that particular job offers you (such as a work-life balance, self-satisfaction etc.)
- What is my personality? Are you a leader or a follower? Do you like to work alone or in a group? Do you prefer cooperation or competition? Are you a creative and artistic person or do you value structure and routine?
- What are my skills? What skills do you already possess that can help you succeed in the future? Consider your hard and soft skills, but do not be deterred by a lack of skill, which can be acquired at any stage in life.
- Hard skills - **skills you've** acquired through study, such as culinary arts or computer programming.
- Soft skills - the people and life skills you possess, including empathy, teamwork, problem-solving and time management.
- **How much money do I want to make? Even though salary shouldn't be the main factor in choosing a career, your paycheck can play a role in your quality of life and where you live.**
- Where do I want to live? Some jobs are more readily accessible while others can only be performed in certain locations
- How competitive is this career path? Competition by its very nature means there must be a rich reward for those who are successful in attaining the post and therefore it is a worthwhile pursuit. You must, however, weigh up the risk vs. reward. Are you prepared to accept rejection and failure countless times before you're accepted?




Activity	SOURCES OF INCOME ذرائع آمدن							
(ST) 1.4								
Learning Outcome	<p>By the end of the session, learners will be able to:</p> <ul style="list-style-type: none">• Recognize that income is a source of money and is received in exchange for work.• Describe the different sources of earning money, including passive and active.• Recognize that there are different legal and illegal ways of expanding one's revenue streams							
Subject/s	Urdu	C.Sc	Hist.	Math	Islamiat	Pak.S	Econ	Grade/s 6-7

Step-1: Ask the students what is income? Explain that it is money received, especially on a regular basis, for work or through investments. Ask the students what are the various sources of income. Through brainstorming, note on the board the following:

1. Wages and salaries (e.g., Ali has a salary as a teacher)
2. Gifts from others (e.g., pocket money or allowances that children get from their parents)
3. Profits from business (e.g., Hassan gets a profit from his fruit shop by selling fruits)
4. Providing Services (e.g., a lawyer provides legal advice in return for Money)
5. Profits from investment (e.g., profit received on savings in a savings account)
6. Government transfers (e.g., government pensions, subsidies, benefits)
7. Inheritance: money someone receives from their parents or family upon the death of that particular family member e.g., parents

Step-2: Ask the students what it means when we say that income is active or income is passive? Explain that active income means you are performing tasks related to your job or career and getting paid for it. Active income takes up your time. It requires your effort. **Passive income allows you to earn money with minimal effort or 'while you are sleeping'.** Ask the students which of the items noted on the board is active income? Confirm that number 1, 3, 4 are active income, while number 2, 5, 6 are passive income. Number 7 is an income received through inheritance. Conclude that in order to stabilize and grow financially, it is critical to have both active and passive income.



Activity	LEGAL AND ILLEGAL SOURCES OF INCOME						
(ST) 1.5	پیسہ کہاں سے آتا ہے						
Learning Outcome	<p>By the end of the session, learners will be able to:</p> <ul style="list-style-type: none"> Understand that money is finite and must be earned. Describe why income earning capacities vary, and the consequences of having more or less money. Recognize that there are different legal and illegal ways of expanding one's revenue streams 						
Subject/s	Urdu	C.Sc	Hist	Math	Islamiat	Pak.S	Econ
Grade/s	6-12						

Step-1: Ask the students if they have come across any examples of unethical or illegal means of earning an income. Ask them to brainstorm examples, and jot these down on the board. Some examples may include drug trafficking, theft and robberies, adulteration, hoarding, accounting or auditing irregularities, smuggling, rent seeking, fraud, human trafficking, exploitation, bribery, intimidation, blackmail, corruption, racketeering, scamming, giving mis-statements, etc.

Step-2: Make a matrix on the board, where on the vertical axis mark legal and illegal, and on the horizontal axis mark ethical and unethical. Ask students to think of examples of generating income related to each box. Use the matrix below to explain:

	Ethical	Unethical
Legal	Working as a teacher in a school and performing one's duties diligently	Selling cigars and tobacco products
Illegal	Stealing for your starving family	Dowry (Jahaiz) Pakistan is the first Muslim country that has made it illegal for anyone to take dowry.

Step-3: Ask the students why people engage in illegal and unethical practices? Many interesting points may emerge, such as lack of moral values, impatience to become rich overnight, consequences of having less money, bad influence of significant persons, etc.

Step-4: Highlight the eventual consequences for those who indulge in malpractice.



Expenses

2

I. What are Expenses?

An expense is an outflow of money to another person or group as payment for an item, service, or other category of costs. For a tenant, rent is an expense. For students or parents, tuition is an expense.

Expenses can be necessary or unnecessary. Necessary expenses satisfy needs, e.g., food, water, clothes, housing, and unnecessary expenses satisfy wants, such as toys, fancy meals, outings etc. Where income is limited, expenses for unnecessary items can, and should, be avoided or reduced. For example, money spent on eating can be avoided or reduced by cooking at home. While the expenses for necessary items cannot be avoided, they too can be curbed or reduced, e.g., the cost of household electricity bill can be reduced by turning off unwanted lights.

While the aforementioned expenses are only categorized by an outflow of money, it is possible for expenses to cause an inflow of money as well. In this regard, expenses can also be income-generating and non-income generating. Income-generating expenses refer to expenses that create an income. For example, if you buy a sewing machine to make clothes that you later sell, the expense of the sewing machine is income-generating. However, if you use your sewing machine to sew your clothes or help out those in your neighbourhood (without payment), the sewing machine becomes a non-income generating expense because it does not create more income. Both types of expenses depend on your intent. The same sewing machine can look different depending on whether you intend to make income from that expense or not.

Distinguishing between the various expenses in one's life is one way to manage effective spending decisions. Another tool involves tracking expenses, particularly using a spending diary which highlights all your expenditures on a regular basis.

II. Key Messages About Expenses

Q-1

What are expenses?

An expense is the exchange of money for an item, service, or any other category of costs.

Q-2

Why make an expense?

Expenses satisfy needs (essential groceries, utilities such as electricity, gas, internet) and wants (toys, games, socializing).



Q-3

What types of expenses are there?

Personal Expenses: Personal expenses may include:

- Food and household expenses (e.g., Safdar buys vegetables, medicine and cleaning products from the shop)
- Rent, electricity and gas
- Education fees and doctor fees
- Entertainment, luxuries and gifts (e.g., Safdar and Rabia pay for movie tickets for the whole family)

Business Expenses: Business expenses may include;

- Wages and salaries of employees
- Buildings, equipment and other assets needed to run the business (these are also called ‘capital expenses’)
- Rent, utilities, transport and payments for products and services (these are also called ‘operating expenses’)

Q-4

What are fixed, variable, and irregular expenses

- Fixed Expenses: Costs that occur each period and the amounts do not change from one period to the next (e.g., House rent payment)
- Variable Expenses: Costs that occur each period and the amounts change from one period to the next (e.g., groceries)
- Irregular Expenses: Costs that do not occur on a consistent basis (e.g. holiday gifts)

Q-5

How do you analyze necessary and unnecessary expenses?

You can have two kinds of expenses. You can have necessary expenses and you can have unnecessary expenses.

- Necessary Expenses: Expenses that meet needs are necessary expenses. Some things are very important, and you must have them. Having these things meets human needs. For example, going to school and eating lunch are both needs.
- Unnecessary Expenses: Expenses that meet wants but not needs are unnecessary expenses. Some things are not important to buy, but they make you happy, so you want to have them. These are called wants. For example, buying a new toy and eating ice cream are both wants. Wants may sometimes prevent us from reaching our goal. This does not mean that everything we want is bad – sometimes it is ok to spend money on our wants. However, if you spend too much money on your wants, you will run out of **money and you will never reach your goal!** If you don't have enough money, it is better to cut unnecessary expenses than necessary expenses.

Q-6

Can you make money through expenses?

Expenses can be categorized as income-making expenses and non-income making expenses. These are defined below:

- Income-making expenses are expenses that help you make money (for example, buying a sewing machine that you then use to make and sell clothes).
- Non-income-making expenses are expenses that do not earn you any money (for example, buying a sewing machine to stitch your own clothes).



Q-7

What factors affect spending behaviours?

Family

- How a person manages finances is related to what they experienced in their families, and the money lessons they experience across the generations.
- Whether we were in families that were big spenders or big savers, or somewhere along the spectrum, many people can identify with the role their families played in their money habits.

Media

- Movies, television shows and social media often romanticize the appeal of a beautiful home, nice cars, new gadgets, and brand-name clothing and jewelry.
- The media plays a significant role in emphasizing the desire to have the latest and greatest of everything – despite the realities of our financial situation.
- While the entertainment industry is a big part of our media eco-system, the social media feeds serve up a never-ending stream of photos and updates showing off expensive vacations, cars, elaborate events and more. As a result, many of us are tempted to “keep up with the celebrities” and by “ramping up our spending”. This is a significant influence on our money habits.

Culture

- Attitudes and perceptions about how we handle our money are also influenced by the **larger culture**. For those living in a culture of consumption, the “buy now, pay later” philosophy is everywhere. For those in a culture that puts an emphasis on economic restraint, that philosophy and influence is likely quite different.
- While cultural influences affect how we view money, we also have the power to choose **how we interpret cultural exceptions**. Many people turn the “conspicuous consumption” influence into a positive effect to encourage good money habits. They might see the cultural behaviors as life lessons on what not to do.

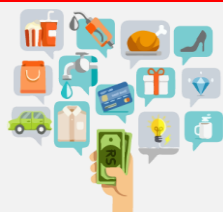
Q-8

What goes into making spending decisions?

Very few people in the world have so unlimited income that they can pay for everything they want to buy or do. Most of us must make difficult decisions and trade-offs, especially during times when our income does not cover all of our expenses. There are no perfect answers when it comes to prioritizing and choosing among expenses, but there are some general guidelines. People can often improve their financial wellbeing by making well-informed spending decisions, which includes;

- Critical evaluation of price: Evaluate prices of the products to check if they are within your budget or not. Also, compare prices of same product at different places.
- Critical evaluation of quality: Critically evaluate the quality of the product to see if it provides value for money.
- Getting detailed product information: this can help people decide if they really need this product and whether it meets their requirements.
- Method of payment: Avoid paying through debit or with credit card as it might lead you to spending more since its convenient.
- Develop a budget and stay within your budget: People must make a regular habit of paying off their loans, paying for basic necessities and saving something. There are many competing priorities for limited and finite money.

IV. Sample Repository for Expenses

Activity	TYPES OF EXPENSES									
(ST) 2.1	اخراجات کی اقسام									
Learning Outcome	<p>By the end of the session, learners will be able to:</p> <ul style="list-style-type: none">Distinguish between necessary, unnecessary, fixed, regular, and variable expensesDescribe ways to eliminate or reduce non-essential and wasteful expenditures.									
Subject/s	Urdu	C.Sc	Hist	Math	Islamiat	Pak.S	Econ	Grade/s	6-12	

Step-1: Ask the students if they are aware of the various types of expenses. Write each of the following expense on the board and explain the same:


- Necessary Expenses: Expenses on needs (things you cannot live without). Ask students to provide examples of necessary expenses. (E.g. flour, oil)
- Unnecessary Expenses: Expenses on wants (things that increase your comfort, convenience, and happiness, but that you can do without). Ask students to provide examples of unnecessary expenses. (E.g., ice cream).
- Fixed Expenses: Costs that occur at regular intervals of time and that remain constant. Ask students to provide examples of fixed expenses. (E.g., rent).
- Variable Expenses: Costs that occur at regular intervals of time, but the amount can change from one period to the next. Ask students to provide examples of variable expenses. (E.g., groceries)
- Irregular Expenses: Unexpected costs that do not occur on a consistent basis. Ask student to provide examples of irregular expenses. (E.g., weddings, a flat tire).

Step-2: Once the students understand the concept, do a quick quiz with them. Tell the students that you will read out a statement which they have to mark it as fixed (F), variable (V), or irregular (IR) expenses.

- Fareed makes a Rs. 64,500 car payment each month. (answer: fixed)
- Saad paid Rs. 10,750 to get the oil in his car changed. (answer: irregular)
- Qamar pays a flat rate of Rs. 16,125 for Internet each month. (answer: fixed)
- Kazim paid Rs. 32,250 to the dentist to get her teeth cleaned. (answer: irregular)
- During Eid, Daniyal spent Rs. 64,500 on presents for her family. (answer: irregular)
- Sarah normally pays Rs. 10,750 / month for her cell phone However, some months she exceeds her data plan and pays more. (answer: variable)
- Mansoor usually cuts his own hair. However, this time he decided to go to a hair dresser and paid Rs. 5,375 for a haircut. (answer: irregular)
- Shanzay pays Rs. 16,125 for skating lessons each month. (answer: fixed)
- The amount of money Tasneem spends on eating out each month varies depending on what restaurants she goes to. (answer: variable)

Step-3: Ask the students which of the above expenses, i.e., fixed, variable or irregular, can be reduced, and how. Ask students to list their personal expenses and categorize



Activity	CASH FLOW CONUNDRUM								
(ST) 2.2	پیسوں کی انتظام کاری ایک پریشانی								
Learning Outcome	By the end of the session, learners will be able to:								
	<ul style="list-style-type: none">Distinguish between necessary, unnecessary, fixed, regular, and variable expensesDescribe ways to eliminate or reduce non-essential and wasteful expenditures.Describe the importance of budgeting as a way to manage and control costs.								
Subject/s	Urdu	C.Sc	Hist	Math	Islamiat	Pak.S	Econ	Grade/s	6-12

Step-1: Ask the students what they understand by the term cash flow. Explain that cash flow refers to the amount of money coming in and going out. It can go in and out of a personal pocket or a business. To illustrate your point, make a cash flow diagram on the board. Make a box and write your name in it. Then make two arrows, one headed into the box, and one headed out of the box. Label the arrow headed in as income and the arrow headed out as expenses. Give examples of each, such as your salary as income and some your personal expenses.

Step-2: Tell the students that you will introduce them to Saleem, who is in a real conundrum. He is overspending and needs a plan. While the students help Saleem make a plan, ask them to also highlight what factors they think are influencing Saleem's spending decisions. Are his expenses fixed, variable, or irregular?

Help! Saleem is in a real conundrum...he's overspending and needs a plan. Read his story below and help him put the pieces to a solid plan together before it's too late.

"I earn approximately Rs. 21,500 each month from Urdu typing. My cell phone bill is Rs. 10,750 a month. I use my phone for everything - texting, downloading movies, playing apps with my friends, you name it.


Let's see...the rest of my money goes toward hanging out with friends (Rs. 6,450); buying clothes, new music, video games (Rs. 9,675); and then into savings (2,150). I have Rs. 15,050 in savings right now.

My problem is that I didn't realize how much I was using my phone last month until I went way, WAY over my allowable data. When I got my bill, I flipped! I really should have paid more attention. It was Rs. 55,040! I don't have that kind of money. If I keep paying my regular Rs. 10,750 a month, I'm going to continue to owe extra charges.

What else can I do? Do you have any ideas for how I can lower my expenses and increase my income so I can get rid of this debt?"





Activity (ST) 2.3	SPENDING BEHAVIORS اخراجات کا رویہ								
Learning Outcome	By the end of the session, learners will be able to: <ul style="list-style-type: none">Distinguish between necessary, unnecessary, fixed, regular, and variable expensesDescribe ways to eliminate or reduce non-essential and wasteful expenditures.								
Subject/s	Urdu	C.Sc	Hist	Math	Islamiat	Pak.S	Econ	Grade/s	6-12

Step-1: Ask the students what affects spending behavior. Explain that it is largely influenced by three factors: family, media, and culture. Use the notes to give an orientation on each factor. Then divide the class into groups and assign one factor per group. Ask the groups to discuss, in 20 minutes, the factor (family, media, or culture) and how it impacts their own behavior.

Step-2: Ask 1-2 members of each group to present the assigned factor, and how it impacts their behavior. Some questions may be as follows:

- What are different means through which the factor can influence them (their family's spending behavior, reality tv shows and celebrities, the culture around them etc.)?
- How big of an influence does the factor have on their spending decisions?
- Does the factor have a positive or negative influence on their life?
- Would they prefer having an influence on their spending decisions or would they rather make decisions completely on their own? Is this possible?
- Do they have any techniques to reduce the factor's influence on their spending decision?

Step-3: Conclude the session by explaining that once we are conscious of what affects our spending behavior, we can take steps to curb the same.



Activity (ST) 2.4	SPENDING DIARY اخراجات کا کھاتہ								
Learning Outcome	<p>By the end of the session, learners will be able to:</p> <ul style="list-style-type: none">• Describe the importance of budgeting as a way to manage and control costs.• Distinguish between income generating and non-income generating expenses.• Describe how recording expenses can lead to more disciplined spending.• Explain the factors that may affect their spending behaviors								
Subject/s	Urdu	C.Sc	Hist	Math	Islamiat	Pak.S	Econ	Grade/s	6-12

Step-1: Begin the session with a metaphor. If you try to hold sand in your fist, what happens? Every grain will slip through your fingers. Inform students that money is like sand; it easily slips through one's fingers. Unlike grains of sand, however, there are ways to keep track of your money, for example creating a spending diary. Ask students if they know what a spending diary is. A spending diary is a diary or journal where you record all your money transactions on a daily basis. Ask the students what the advantages of creating a spending diary could be. Some advantages include:

1. Having a sense of where your money is going. This way you are able to categorize your expenses. This is especially helpful when you have money going out of different pockets, because it allows you to align those pockets into one diary.
2. Helping you learn how to budget.
3. Holding you accountable.
4. Keeping you on track.
5. Appreciating your wins.
6. Reaching your financial goals.
7. Giving you a sense of your spending behavior – what am I spending the most money on? Is there a particular time period I spend more money than usual? If there are problems with your spending behavior (for example, overspending on unnecessary items) you can only address once you can identify the problem.

Step-2: Now share the template of a spending diary given below by drawing it on the board. Walk students through the different features. This template is just an example and students can customize it or make their own diaries as they wish. Provide one example to fill in the spending diary and then ask students to provide their own examples that you can fill out on the board.

#	Date	Item	Rs.	Reason	Feelings	Notes



Purchasing

3

I. What is Purchasing?

Purchasing is the act of buying goods or services of the right quality, in the right quantity from the right source delivered to the right place at the right time at the right place. Teaching young adults how to responsibly and smartly shop for groceries, clothing, or other essential items is a key step in preparing them for financial and functional independence in the future. It is an important financial skill that educators and other supporters should spend time on when preparing young adult, who will soon transition into the “real world.” This theme focuses on teaching students the importance of how to shop thoughtfully and conscientiously, how to save money while doing so, and how to help the environment and the economy by making responsible and smart purchasing choices.

By the time they are 5-6 years old, children become conscious of how adults make choices about what they purchase. Research shows that if by adolescence and early adulthood students can grasp effective financial decision-making strategies, then as adults they will live within their means, compare features and costs of products, and make informed purchases. From adolescence onwards, students are quite susceptible to factors that can influence buying. These include family values, personal preferences, peer pressure, financial freedom or constraints, or the available budget. People often pay more for something that’s important to them – for example, free-range (desi) eggs or organic vegetables. Some may prefer to buy the cheapest product so that there is more money left over for other things the family needs.

Students must be guided on responsible and smart purchasing choices. This includes considering the price and value of an item before they buy it, their budget, not succumbing to irresponsible marketing, advertising and pressure to buy, and to have personal consumer values like wanting to support the local economy by purchasing locally produced items or saving the environment by making green purchasing choices.

II. Key Messages About Purchasing

Q-1

What is Purchasing?

Purchasing is to acquire something by paying for it. A purchase refers to that item and service towards which the outflow of money is being directed. An expense is an outflow of money as payment for an item, service etc. It is the cost incurred in or required for something.

Q-2

What influences my purchasing decisions?

Money has value, and individuals can make choices about how, when and where to spend their money to receive the most in return. Purchasing decisions are made for many reasons. When deciding what to buy, you may be influenced by:

- Your personal interests
- Your activities
- Your values



Q-3

What is smart buying?

Buying smart means to buy at a price that leaves no room for speculation, error, or mistakes. Some smart-buying strategies include:

- Obtain prices and terms from more than two sellers
- Obtain full information (about price, quality, quantity, and terms) from all sellers
- Negotiate with sellers
- Emotional factors in purchasing: Consider any emotions attached with a certain product, brand or store.

Q-4

What is comparative shopping?

The value of an item to an individual is determined by the amount that individual is willing to pay. Individuals can save money by comparing what's offered by different sellers and shopping for the best price. Some factors to consider when comparative shopping include:

- Price
- Features
- Benefits
- Warranties and guarantees
- Store policies

Q-5

What are some advantages and disadvantages of online shopping?

Advantages: convenience, better prices, more variety, easy to send gifts, more control, easy price comparisons, no crowds, no sales pressure, feedback from other customers, privacy for discreet purchases.

Disadvantages: shipping problems and delays, risk of fraud, less contact with the community, spending too much time online, returns can be complicated, you don't know exactly what you are getting, unfriendly, scammy or complicated websites, no sales assistance.

Q-6

What is online shopping?

- Online shopping is a process whereby consumers directly buy goods, services etc. from a seller without an intermediary service over the Internet. Shoppers can visit web stores from the comfort of their house and shop using their phones, laptop, computers etc.
- Online stores are usually available 24 hours a day and many consumers have internet access both at work and at home. So, it is very convenient for them to shop Online.
- One of the most enticing factors about online shopping, particularly during holiday season is, it alleviates the need to wait in long lines or search from a store for a particular item. A variety of goods are available through online markets.

Q-7

What are some advantages and disadvantages of online shopping?

Advantages: convenience, better prices, more variety, easy to send gifts, more control, easy price comparisons, no crowds, no sales pressure, feedback from other customers, privacy for discreet purchases.

Disadvantages: shipping problems and delays, risk of fraud, less contact with the community, spending too much time online, complicated returns, you don't know exactly what you are getting, unfriendly, scammy or complicated websites, no sales assistance.



Q-8

What behaviors and values that can lead to better purchasing?

The urge to get the best value for your money; to curb the temptation to buy impulsively as a result of advertising and marketing attempts; to keep in mind certain values when making purchasing decisions, e.g., will the product harm health or the environment, will it harm or positively promote the local economy? Sometimes one may pay more for a better quality or **ethical clothing brand, a product with a longer warranty, or one that's environmentally friendly, or locally produced.** Compare prices and value before you buy!

Q-9

What should you know about comparison shopping?

Understand that similar things may vary in price depending on when one buys (in season may be more expensive than off season), where one buys from (big malls may charge more than small neighborhood shops), and what one buys (a regular shirt will cost far less than a branded one, though the function is the same). When comparing similar products, compare its quality, warranties, after-sales service and return policy.

Q-10

Is a high-quality product always desirable?

Locally made unbranded products are less expensive than imported branded toys. They may be of a lower quality, but if the functions performed are almost similar, and the lower quality does not affect performance, then one should invest in the lower priced product.

Q-11


What leads to impulse buying, and how to curb it?

Advertising and marketing attempts entice children into pestering their parents to purchase for them an item they did not even know about, and which is most certainly not a need. Impulse buying can lead to overspending and parents may spend money just to end up with a bunch of junk that their children may use only once, or which breaks due to its low quality. Children should be made aware of these marketing tactics, so that they can recognize and avoid impulse buying. They should be taught to ask themselves, before buying anything, "Is it a need or a want?" "Is it worth the price?" "Will I really use it?"

III. **Learning Outcomes:** By the end of the session, learners will be able to...

1. Compare the price, value and quality of products that they want to purchase.
2. Make smart purchasing decisions based on personal values and key competencies.
3. Identify ways in which one can curb the urge to buy and save the money instead.
4. Ask important questions before making a purchase.
5. Appreciate the role of online shopping in purchasing decisions
6. Recognize and avoid harmful and impulsive spending decisions.
7. Recognize the importance of shopping within certain norms, more thoughtfully, frugally, cautiously and conscientiously.

IV. Repository of Activities for Students

Activity (ST) 3.1	MY PURCHASES LAST WEEK پچھلے ہفتے کی میری خریداری								
Learning Outcome	<p>By the end of the session, learners will be able to:</p> <ul style="list-style-type: none">• Make smart purchasing decisions based on personal values and key competencies.• Ask important questions before making a purchase.• Recognize the importance of shopping within certain norms, more thoughtfully, frugally, cautiously and conscientiously								
									
Subject/s	Urdu	C.Sc	Hist.	Math	Islamiat	Pak.S	Econ	Grade/s	6-12

Step 1: Ask students to write down their last big purchase. This can be a laptop, a gaming console, a school trip etc.


Step 2: Then ask students to reflect on whether this purchase was a smart buy. Did students:

- Research the product they wanted to buy? Did it meet and satisfy their requirements?
- Compare the product with those offered at other vendors?
- Compare online with in-store prices and terms?
- Budget for the product?
- Assess any emotional factors associated with that particular product (such as only wanting to buy from one company)?
- Examine the quality of the product?
- And any other questions associated with smart buying.

Step 3: Ask students to discuss their evaluations with each other, either in groups or pairs. What purchases did other students make? Were they smart buys?

Step 4: Assign a take-home activity in which students interview their parents on their recent purchasing using some, or all, of the questions discussed in class. Ask students to make a list of their parents' purchases and determine whether it was a smart buy.



Activity (ST) 3.2	PRACTICE COMPARATIVE SHOPPING پہلے موازنہ پھر خریداری								
Learning Outcome	By the end of the session, learners will be able to: <ul style="list-style-type: none">• Compare the price, value and quality of products that they want to purchase.• Ask important questions before making a purchase.• Recognize the importance of shopping within certain norms, more thoughtfully, frugally, cautiously and conscientiously.								
Subject/s	Urdu	C.Sc	Hist	Math	Islamiat	Pak.S	Econ	Grade/s	6-12

Step 1: Begin by asking students how often they've compared a product offered by different sellers.

Step 2: When, and if, they have compared products in the past, what were some factors they considered? Ask students to discuss in pairs. Then, as a class, list some of their responses on the board. Some things to consider may include:

- Price differences, features included in the product,
- Benefits associated with the product (discount, instalment plan etc.)
- Warranties and/or guarantees given with the product,
- Store policies regarding the product (returns and refunds etc.)

Step 3: Using the below matrix as a template (write on the board), ask students to make a similar shopping chart in their notebooks.

Practice Comparative Shopping			
Item	1	2	3
Store			
Brand name			
Price			
Your budget limit			
Basic features			
Warranty			
Store return policy			
Refund policy			
Exchange policy			
Others			


Directions: Customize this chart and use it when you go comparative shopping for any item, such as an electronic entertainment device, home appliance etc.

Step 4: Give student ten minutes to reflect on an item they had considered purchasing from different stores and instruct students to fill out the chart accordingly.

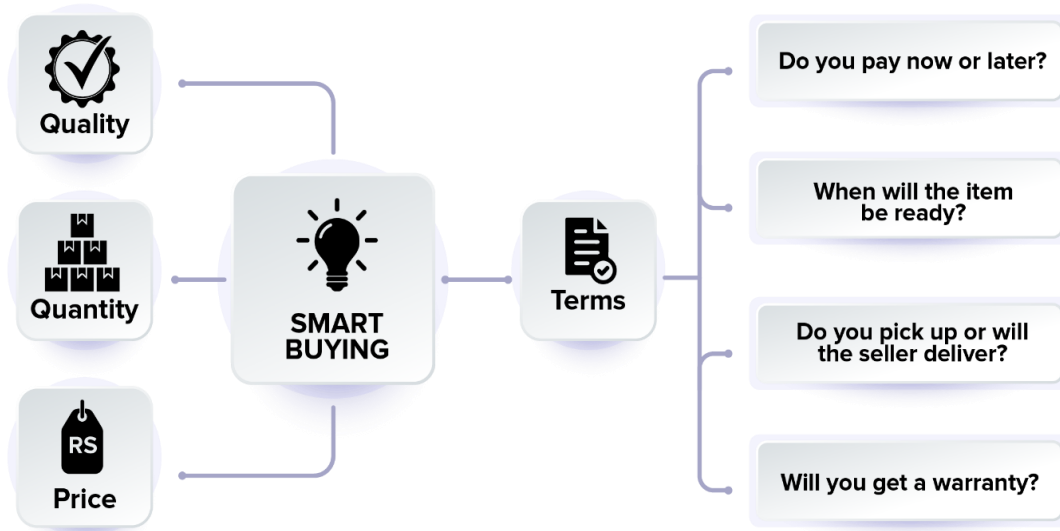
Step 5: Then bring the class back together. Invite volunteers to share their responses. Emphasize that getting the best value out of their money involves carefully weighing all your options before making an informed decision.

Step 6: Instruct students to use a blank template of this chart when they are planning to make future purchases. They may also use the chart to reflect on their family members' recent purchases.



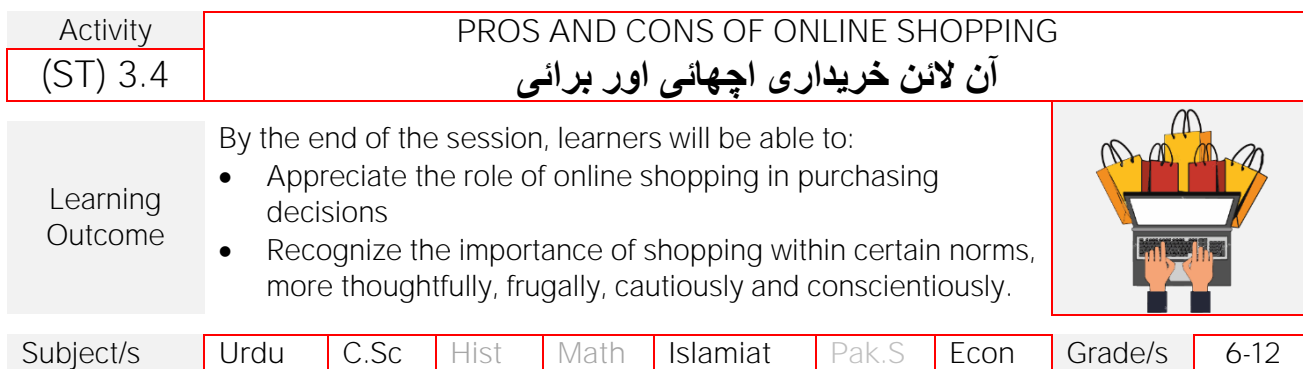
Activity (ST) 3.3	SMART BUYING خریداری سمجھداری سے								
Learning Outcome	<p>By the end of the session, learners will be able to:</p> <ul style="list-style-type: none">• Compare the price, value and quality of products that they want to purchase.• Make smart purchasing decisions based on personal values and key competencies.• Ask important questions before making a purchase.• Recognize the importance of shopping within certain norms, more thoughtfully, frugally, cautiously and conscientiously.								
Subject/s	Urdu	C.Sc	Hist.	Math	Islamiat	Pak.S	Econ	Grade/s	9-12

Step 1: Draw the following visual on the board. Then one by one discuss the various facets of smart buying, i.e., obtaining information about the quality, quantity, price, and terms of the purchase. Ask students what it means to obtain information on the quality, quantity, price, and terms and explain as follows:



Step 2: Tell the students that you will do a quick quiz with them. Draw the following matrix on the board and ask them the given questions:


		Quality	Quantity	Price	Terms
1	"If we lend you money, you will need to pay it back in two years."				✓
2	"I will sell this equipment to you for Rs. 12 lakhs."			✓	
3	"If the equipment does not work, we will fix it for free."				✓
4	"I want the best functioning equipment."	✓			



Step 5: Encourage students to engage their family members in a similar discussion on their views on online shopping.

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There are no margins, text, or other markings on the paper.



Activity (ST) 3.5	MEDIA MESSAGING ڈیجیٹل پیغام رسائی							
Learning Outcome	<p>By the end of the session, learners will be able to:</p> <ul style="list-style-type: none">• Make smart purchasing decisions based on personal values and key competencies.• Identify ways in which one can curb the urge to buy and save the money instead.• Ask important questions before making a purchase.• Recognize and avoid harmful and impulsive spending decisions.• Recognize the importance of shopping within certain norms, more thoughtfully, frugally, cautiously and conscientiously.							
Subject/s	Urdu	C.Sc	Hist	Math	Islamiat	Pak.S	Econ	Grade/s 6-12

Step 1: One week before the session, ask students to consider different items that are advertised (on TV, on the radio, online, or in newspapers etc.). In doing so, ask students to think about the following:

1. What was the advertisement's target audience?
2. What was the advertisement's key message?
3. What impact did the advertisement have on you?

Step 2: On the day of the session, ask students to share their answers. Generate a discussion based on student responses. The key idea to share is that advertising helps showcase a variety of products at the comfort of your home. However, students need to be aware of the effect advertisements and media messaging can have on their purchasing decisions. Anyone can be lured in by flashy ads, only to find a sub-standard product. So, while ads are helpful, encourage students to do their research before buying any product.

Step 3: Encourage students to go home and ask their parents about their opinion on media messaging. How do their parents feel about ads? Do ads influence their parents' buying decisions?



Saving

4

I. What is Savings?

Saving is the portion of income not spent on expenditures in a given period. In other words, it is the money set aside for future use and not spent immediately or consumed. The act of saving is less about income or money and more about behaviour or attitude. One may have an income of Rs. 100,000 and not be able to save a single rupee, while another may be able to save Rs. 1000 from an income of Rs.10,000 per month. A person's ability to save can be supported by having a savings plan comprising three essential elements:

- A savings goal: What am I saving for? E.g., to purchase an IPAD
- An amount: How much do I need to save? E.g., Rs. 25,000
- A time period: How much time do I need to achieve my savings goal? E.g., 12 months

Money saved is helpful in many ways. It can provide financial security and freedom from debt. It can protect people in an emergency that requires immediate finances. Savings can also provide the "seed money" for investments such as stocks, bonds, and mutual funds – which can earn a passive income. Although one's savings are helpful during financial distress, they can also allow you to anticipate a joyful future and therefore be more motivated to save, e.g., to buy a house, a car, for a wedding, or education.

Adults save money in many different ways, e.g., keeping cash at home in a safe or a cupboard, or at a bank in a safe deposit box or a savings account; buying savings products such as prize bonds or profit-yielding savings accounts, deposit certificates, or special savings accounts offering higher returns, and available to retirees, widows, or children. Banks are now offering savings account for minors (children) as well.

People can exhibit behaviours that can lead to consequences that result in reducing expenses and perhaps indirect savings, e.g., reducing waste (waste not, want not), reducing unnecessary consumption of utilities, materials, personal accessories (a rupee saved is a rupee earned), etc. As mentioned above, savings isn't just about having money left over. It is a way of life!

II. Key Messages About Savings

Q-1

What is saving?

Saving is the portion of income not spent on current expenditures. In other words, it is the money set aside for future use and not spent immediately. More importantly, however, saving is a behaviour and a habit that can be formed.

Q-2

Why should you save?

Saving lets you eventually buy things you might not have enough money for right now. Certain items that are unaffordable today can be within reach tomorrow! If one simply waits and sets money aside, the savings can change a "no, you can't buy this" into "you can buy this, but later."



Q-3

What are some benefits of saving?

Savings can help you achieve goals that may not be attainable now and may keep you out of financial trouble in emergencies. Savings also earn you independence and respect.

Q-4

What are saving goals?

In addition to saving for an emergency fund, we should save for short and long-term goals. Knowing how to set a savings goal properly makes it easier to save. A savings goal states what you are saving for and how you will work towards it. When setting a savings goal, we should include:

- Kya: What are we saving for
- Kitna: How much money will we need?
- Kab: When will we achieve our goal by?
- Kaise: How will we do it? How much will we need to save per month to reach our goal?

Q-5

How do saving goals vary?

Savings goals can be short-term or long-term. Most people have multiple savings goals, such as building an emergency fund, saving for school fees, and saving for a business investment. These each have different timeframes and requirements and may need different saving options.

- Short term goals: Short-term goals are those that will be reached in less than 1 year, such as paying school fees.
- Midterm goals: Mid-term goals are those that will be reached in 1 to 2 years, such as accumulating money for home improvements.
- Long term goals: Long-term goals are those that will take more than 2 or more year to reach, such as buying a house or starting a new big business.

Q-6

How can you enhance your savings skills?

Create a savings plan using the following steps:

- Write down the goal you are saving for. If possible, draw it and paste it where it will be visible most of the time.
- Establish the total amount you need to save to reach that goal.
- Decide how many weeks (months) you will take to reach your savings goal.
- Divide the amount you need by the number of weeks/months you plan to use to achieve your savings goal. That is your savings target per week/month.
- Now think of ways to cut down on necessary and unnecessary expenses to meet the amount you need to save per week/month.

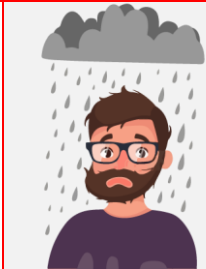
Q-7

What are different vehicles for savings?

There are many vehicles for savings, both formal and informal;

- Formal: A formal savings institution is regulated by a government agency to ensure the safety of savings. Usually, formal savings services offer a profit on savings. Formal could include banks etc. Saving money in a bank has advantages over saving money at home or elsewhere, such as increased safety, convenience, and profit.
- Semi-formal: Semi-formal savings methods fall in the middle between the formal and informal. Semi-formal savings institutions offer organized services but are not supervised

IV. Repository of Activities for Students

Activity	MURPHY'S LAW									
(ST) 4.1	مرفی کا قانون									
Learning Outcome	By the end of the session, learners will be able to:									
	<ul style="list-style-type: none">• Identify the benefits of saving.• Appreciate the importance of managing their behaviour to initiate and enhance their savings.									
Subject/s	Urdu	C.Sc	Hist	Math	Islamiat	Pak.S	Econ	Grade/s	6-12	

Step 1: Write “Murphy’s Law” on the board along with “if anything can go wrong, it will.” Introduce students to the idea of Murphy’s Law, in which unforeseen circumstances can happen at any time.


Step-2: Ask students to list some examples in their notebook of how **Murphy’s Law** can impact their family, e.g., a family member suddenly falling sick, the car breaking down, injuring yourself, damage as a result of extreme climate, etc.

Step 3: Now ask students why **Murphy’s Law** is important in the context of saving. When any emergency occurs, you are most likely hit with irregular expenses that are not a part of your day-to-day life. It becomes very important to account for such expenses by always keeping the worst-case scenario in mind and planning for it accordingly.

Step 4: Ask students how they can account for irregular expenses. Explain that this can be done by making wise decisions about fixed expenses, by monitoring variable expenses, by putting aside some amount as savings, by investing and thereby enhancing passive income, etc.

Step 5: Instruct students to go home and discuss with their family members about **Murphy’s Law**, and what they can do to ensure that they regularly account for unforeseen circumstances.



Activity (ST) 4.2	MY NEXT SAVINGS GOAL بچت کا حدف							
Learning Outcome	By the end of the session, learners will be able to: <ul style="list-style-type: none"> Recognize the core essence of a savings goal between short-term, medium-term, and long-term savings goals. Develop a savings plan and establish a realistic savings goal 							
Subject/s	Urdu	C.Sc	Hist	Math	Islamiat	Pak.S	Econ	Grade/s 6-12

Step 1: Introduce students to the idea three types of savings goals: short term, medium-term, and long-term by giving some examples as follows:

- Short-term savings goal refers to a goal that can be achieved in less than 6 months. For example, if you want to the buy a box of mithai this week, that would be a short-term goal.
- Medium-term savings goal refers to a goal that may take 6 months to 3 years to achieve. For example, buying a bicycle.
- Long-term savings goal refers to a goal that may take 3 or more years to achieve. For example, going to university.

Step 2: Next, ask students to identify a mid-term savings goal. To solidify their goal and effectively achieve it, students need to keep questions things in mind:

- Purpose – What is it that they want to buy?
- Amount – How much do they want to save?
- Time – Within how many months do I want to achieve my savings goal? (Rs. _____ in _____ months).

Responses to these three questions are critical to finalize a savings plan and track progress towards a savings goal.

Step 3: Tell the students that you would like to visually depict a savings plan on the board. Make the savings plan template¹ and highlight that a comprehensive plan will include: a savings goal (how much money do you want to save?); a time period (over what period of time will you save? 1 week, 1 month, 1 year?); your income; your expenses; your savings during a given period (per month, per week etc.); your total savings.

Saving Plan					
How much money you want to save?	1. Saving goal	10,000			
The period of time over which you will save	2. Period	Now	Month 1	Month 2	Month 3
	3. Income	-	20,000	20,000	20,000
	4. Expenses	-	16,000	20,000	17,000
your savings in a given period	5. Savings per month	-	4,000	0	3,000
The sum of your savings	6. Total net savings	3,000	9,000	7,000	10,000

¹ Extracted from the SBP's (The Pomegranate Tree)



Enter the given numbers in the matrix and explain as follows:

For example, Rabia makes a savings plan to buy a tablet for Rs. 10,000 within the next 3 months.

- She currently has savings of Rs. 3,000.
- She has a monthly income of Rs. 20,000.
- In the first month, she can save Rs. 4,000. Her total savings grow to Rs. 7,000.
- In the next month, her expenses are Rs. 20,000, the same as her income. She has no savings. Her total savings stay at Rs. 7,000.
- In the third month, she cuts her expenses to Rs. 17,000 and saves Rs. 3,000. Therefore, after 3 months, her total savings reach Rs. 10,000 and she is able to buy the tablet.

Step 4: Tell the students that sometimes it is necessary to take money out of the savings. This is called a withdrawal. Ask the students why withdrawals are made? Agree that sometimes there are unexpected expenses that require withdrawals. Use the following matrix, and the given example², to explain the concept of withdrawal and how the savings goals can still be protected.

Saving Plan				
1. Saving goal	10,000			
2. Period	Now	Month 1	Month 2	Month 3
3. Income	-	20,000	20,000	20,000
4. Expenses	-	16,000	22,000	17,000
5. Savings per month	-	4,000	(2,000)	3,000
6. Total net savings	5,000	9,000	7,000	10,000


The sum of your savings minus your withdrawals.

In finance, negative numbers are often written in brackets. This means we have to subtract these numbers.

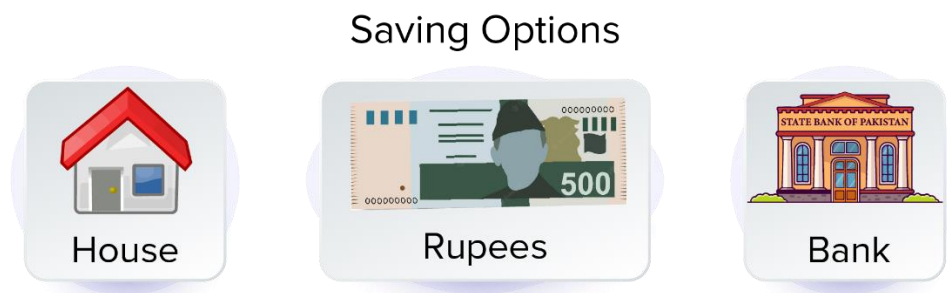
Step 5: Encourage students to make their own savings plans using the factors listed above.

² Extracted from the SBP's (The Pomegranate Tree)



Activity (ST) 4.3	BANK VS. HOME گھر یا بینک						
Learning Outcome	By the end of the session, learners will be able to: <ul style="list-style-type: none"> Discuss best ways to save money regularly, i.e., informal, semi-formal, or formal vehicles of savings 						
Subject/s	Urdu	C.Sc	Hist	Math	Islamiat	Pak.S	Econ
Grade/s	6-8						

Step 1: Begin the session by posing a question: Is it better to save in a bank or at home? Why? Tell the students that they should keep certain questions in mind when trying to make a decision about where to keep their saving. Draw the following visual on the board and generate a discussion:



These are some questions you should ask when deciding where to save money.


- 1 Will the money be easy to get when I want to spend it? (if I wanted to buy something immediately, is my money easily accessible?)
- 2 Will the money make an income? (Will money tucked into a mattress make more money? What about money in a savings account?)
- 3 Will the money be safe to transfer? (If a relative of mine really needs some financial assistance, will I be able to send them some of my savings? Consider the relative is in another city, province, or even country)
- 4 Will the money be safe from theft or natural disasters? If there is a flood in my area, will my money remain intact?

Step 2: Inform the students that there are certain advantages that come with saving in a bank. Banks help:

- Keep your money safe
- Make transferring money easy
- Pay you for every rupee you keep in a savings account
- Allow convenient access to your money (through ATMs and mobile banking)

Step 3: Finally ask the students what would be their preference? Will they open an account in the Bank. Tell them that if they are under 18, they can still open a savings account for minors in the bank.



Activity (ST) 4.4	A RUPEE SAVED IS A RUPEE EARNED کفایت شعاری						
Learning Outcome	By the end of the session, learners will be able to: <ul style="list-style-type: none">Describe what saving is, and recognize it as a behaviour, habit, and way of life.Identify ways to increase their savings by reducing necessary expenses						
Subject/s	Urdu	C.Sc	Hist.	Math	Islamiat	Pak.S	Econ
Grade/s	6-12						

Step 1: Write the phrase “Kafaiyat Shari” or “A rupee saved is a rupee earned” on the board and ask students what they think the phrase means. Essentially, the phrase implies the importance of certain behaviours that lead to savings, both in kind and in cash.


Step 2: Tell the students that in often people think that saving is linked to income. Tell them that this is not true. Saving is actually a behavior. It is not linked to income. A person earning Rs. 100,000 may end up spending all, and remain in debt. Whereas a person earning Rs. 45,000 per month may end up saving Rs. 2000 every month.

Step-3: Ask students to brainstorm some of the benefits of saving. Tell them about **Murphy’s law**. Highlight that a healthy saving will allow room for irregular expenses, investments, and the ability to satisfy wants.

Step 4: Now ask students to think of creative ways in which they can save money as a matter of daily routine. Make sure that the following ideas have been covered:

1. Never, ever, shop for food when you’re hungry.
2. This will wreck you: You’ll likely buy more than you’d planned, and ultimately end up tossing what you didn’t eat.
3. For big purchases, wait a month before you buy.
4. Impulse buys feel so good, but the want can vanish as fast as it comes. Put off an unessential purchase for 30 days. When the month is up, your desire may be weakened, or the item could even be on sale.
5. Commit to a spending freeze.
6. For a dedicated period of time, be it a week, two weeks, or a month, only spend money on what is completely necessary, like food and shelter.
7. Turn electronics off.
8. The lights, the TV, the AC — leaving these items on can slowly but surely add up.
9. Bring cooked food (leftover from the previous night) from home rather than buying from the canteen.
10. Share half a sandwich with a friend, thus allowing both to save some money.
11. Drink water rather than spending money on soft drinks



Activity (ST) 4.5	WHERE DO I PARK MY SAVINGS? بچت کی سرمایہ کاری								
Learning Outcome	<p>By the end of the session, learners will be able to:</p> <ul style="list-style-type: none">• Identify the benefits of saving in a bank.• Decide where they will save money regularly, in informal, semi-formal, or formal vehicles of savings.• Appreciate the importance of managing their behaviour to initiate and enhance their savings								
									
Subject/s	Urdu	C.Sc	Hist	Math	Islamiat	Pak.S	Econ	Grade/s	10-12

Step 1: Ask students if they know the difference between simple profit and compound profit. Explain that simple profit is based on the principal amount of a loan or deposit, whereas compound profit is based on both the principal amount and the profit that accumulates on it in every period. In other words, compound profit is when you earn profit on **both the money you've saved** and the profit you earn. The earlier someone begins to save in a compound profit account, the more they will earn. Compound profit allows your wealth to grow faster than simple profit does.

Step 2: When saving money, emphasize that one would look at compound profit account. Ask the students when a compound profit formula is not viable? Agree that when taking out a loan, one must assess if the cost of loan is calculated based on a formula using simple profit or a compound profit.

Step 3: As an activity, write the following questions on the board, ask the students to solve them:

Question-1	A deposit of Rs. 3000 earns 2% compounded semi-annually. How much is the balance in the bank after 4 years?
<p style="text-align: center;">Solution: $B = P(1 + r)^n$</p> <p>Where $P = \text{Rs. } 3000$</p> <p>$r = 2\% \text{ annual profit rate} / 2 \text{ profit periods} = 1\% \text{ semi-annual profit rate}$</p> <p>$n = \text{number of payment periods} = \text{number of profit periods times number of years}$</p> <p>$n = 2 \text{ times } 4 = 8$</p> <p>$B = \text{Balance}$</p> <p style="text-align: center;">Solution: After four years, there will be 3248.57 rupees in the bank account.</p> <p>$B = 3000(1 + 1\%)^8 = 3000(1 + 0.01)^8 = 3000(1.01)^8$</p> <p>$B = 3000(1.082856)$</p> <p>$B = 3248.57$</p>	

**Question-2**

A deposit of Rs. 2150 earns 6% interest compounded quarterly. How much money is in the bank after for 6 years?

Solution

$$B = P(1 + r)^n$$

$$P = \text{Rs. } 2150$$

$$r = 6\% \text{ annual profit rate} / 4 \text{ profit periods} = 1.5\% \text{ quarterly profit rate}$$

$$n = \text{number of payment periods} = \text{number of profit periods times number of years}$$

$$n = 4 \text{ times } 6 = 24$$

Solution: After 6 years, there will be Rs. 3073.425 in the bank account.

$$B = 2150(1 + 1.5\%)^{24} = 2150(1 + 0.015)^{24} = 2150(1.015)^{24}$$

$$B = 2150(1.4295)$$

$$B = 3073.425$$

Question-3

A deposit of Rs. 495 earns 3% profit compounded annually. How much money is in the bank after for 3 years?

Solution

$$B = P(1 + r)^n$$

$$P = \text{Rs. } 495$$

$$r = 3\% \text{ annual profit rate} / 1 \text{ profit period} = 3\% \text{ annual profit rate}$$

$$n = \text{number of payment periods} = \text{number of profit periods times number of years}$$

$$n = 1 \text{ times } 3 = 3$$

Solution: After 3 years, there will be Rs. 540.89 in the bank account.

$$B = 495(1 + 3\%)^3 = 495(1 + 0.03)^3 = 495(1.03)^3$$

$$B = 495(1.092727)$$

$$B = 540.89$$



BANKING

5

I. What is Banking?

Banking is defined as the business activity of accepting and safeguarding money owned by other individuals and businesses and then lending out this money to conduct economic activities that will make a profit or cover operating expenses.

Banking has been around since the first currencies were minted, and wealthy people wanted a safe place to store their money, and banks were set up to play a significant role in supporting that. Ancient empires also needed a functional financial system to facilitate trade, distribute wealth, and collect taxes. Banking supported the empires to pay for foreign goods and services with something that could be exchanged easily. Coins of varying sizes and metals eventually replaced fragile, impermanent paper bills. Coins, however, needed to be kept in a safe place, and ancient homes did not have steel safes. Earlier, wealthy people stored their coins and jewels in the basements of temples or other underground establishments. Banks were to play a significant role, just as they do today.

The banking system today consists of a group or network of institutions that provide financial services. It is an industry that handles cash, credit, and other financial transactions for individual consumers and businesses. The banking system is in the business of protecting money for others. A bank is a financial institution licensed to accept deposits and make loans. When banks lend this money, they generate a surplus that creates profits for the bank and its customers. There are two banking systems in Pakistan: conventional and Islamic. Islamic banks adhere to the principles of the Islamic Sharia.

Nowadays, there is also a significant increase in people's accessibility to a bank. Children under the age of 18 years can open a minor account and enjoy all the benefits of making a bank account. In addition, online banking has reached the furthest peripheries of Pakistan and continues to eliminate the need for physical banks.

In most countries, banks are regulated by the national government or central bank. In Pakistan, banks are regulated by the State Bank of Pakistan.

In this theme, students will learn about what do banks do, types of banking, types of bank accounts, online/e-banking, purpose and function of banks, importance of banking, different products & services offered by banks and banking frauds etc.

II. Key Messages About Banking

Q-1

What is the State Bank of Pakistan?

The State Bank of Pakistan is the central bank of the country. It plays a vital role in the country's economy. Key functions of the SBP include but not limited to;

- Regulating the financial sector and protecting consumer rights: SBP regulates and supervises banks and other financial firms to make sure that they are managed soundly and that the rights of consumers who deal with them are protected.
- Managing money supply and issuing currency: SBP issues Pakistan's currency and controls the amount of currency in circulation. It uses its control of money to try and



keep prices stable to manage inflation, and to make borrowing and saving easier to promote growth.

- Managing foreign exchange reserves and the rupee exchange rate: SBP manages and invests Pakistan's foreign currency reserves. It also manages the exchange rate between the Pakistani Rupee and other foreign currencies.
- Setting mark-up rates and promoting economic development in Pakistan: SBP uses its role as the central bank and as the supervisor of the private sector to promote economic development in Pakistan. It also determines the mark-up rate for borrowing and saving.
- Furthermore, The SBP regulates banks and other financial institutions to make sure:
- Soundly managed banks: Banks and other financial institutions are soundly managed.
- Consumer protection: Customer deposits are secure, and their rights are protected.
- Fair rates for services: Bank service charges to customers are fair and reasonable.
- Fair savings rates: Banks provide fair and reasonable savings rates to customers.
- Fair lending practices: Banks make loans to customers on a fair and reasonable basis.

Q-2

What is a bank?

A bank is a financial institution licensed to receive deposits and make loans

Q-3

What are some services that the bank provides?

Banks provide many services for their customers. Three main services are;

- Transfer: Banks help customers transfer money, including through mobile banking.
- Pay: Banks help customers make payments through mobile banking and credit and debit cards.
- Exchange: Banks help customers exchange money in one currency for cash in another currency.
- Guarantee: Banks issue a guarantee of payment for business customers to help them grow their businesses.

Q-4

What do BANKS do?

- Accepting deposits: Banks accept deposits of individuals & businesses through different types of bank accounts including;
 - Current account: Current account is a non-profit-bearing checking account usually opened by individuals or businesses who have a number of regular transactions with the bank, both deposits and withdrawals. Money can be deposited and withdrawn at any time without giving any notice.
 - Saving account: Saving accounts is a modest profit bearing account at a bank that pays profit on money that is deposited. The profit rate on a savings account is lower than that offered by fixed/term deposits.
 - Fixed deposit account: The account which is opened for a fixed period of time by depositing fixed amount in any bank. The money deposited in this account cannot be withdrawn before the expiry of period. The profit offered for fixed deposit vary according to amount, period & bank.



- Making loans:
Banks provide different kinds of individual loans such as loans for Vehicles, Homes, Credit cards, Buildings, Equipment, Day-to day operations. It also loans money to businesses.
- Managing money: Banks manage money for individuals and businesses.
 - Transfer Money: Banks help customers transfer money including through mobile banking
 - Pay: Banks help customers make payments including through mobile banking, debit & credit cards.
 - Exchange: Banks help customers exchange money in one currency for money in another currency.
 - Guarantee: Banks issue guarantees of payment for business customer to help them grow their businesses.

Q-5

What are the different types of banking?

On the basis of functions, the banks are categorized as follows:

- Central Bank: The State Bank of Pakistan is known as the Central Bank of Pakistan. Main functions of SBP include but limited to are regulating the banking system in Pakistan, issuing money to the market, issuing the currency rate setting the profit rate, managing foreign exchange rates, and providing guidance to the banks in the country and protecting consumer rights etc.
- Micro Finance Bank: Microfinance is a banking service provided to unemployed or low-income individuals or groups who otherwise would have no other access to financial services.
- Islamic Bank: There are two banking systems in Pakistan: Conventional and Islamic. Islamic banking refers to a banking system that is based on the principles of Islamic law (Sharia law) and guided by Islamic economics. Islamic banks comply with Sharia rulings and their practical application. There are four Islamic boards in Pakistan, each representing a different Fiqh. When any new Islamic product is introduced into the market, the product is vetted by each committee. All four Fiqhs must unanimously accept it before it can be integrated into the system. All boards consist of qualified Islamic experts with years of banking and Islamic experience. The SBP regulates Islamic banks through its Shariah Advisory Committee (SAC), which ensures that each Islamic banks properly follows Sharia rulings.
- Commercial Bank: A commercial bank is a financial institution that accepts deposits, offers current and savings account services, and provide loans under conventional banking.
- Investment Bank: An investment bank is a specialized financial institution that acts as an intermediary in complex corporate transactions such as mergers and acquisitions.
- e-Banking: e-banking also called online banking. Advancement in technology has changed the whole world including banking. E-banking customers can manage their account from anywhere without visiting the bank. Services under e-banking usually include debit cards, credit cards, ATMs, mobile/internet banking, telephone banking, online money transfer, utility bills payment etc.



Q-6

What are the different types of banking channels?

A bank can reach its customers and provide services in various ways. This includes through:

- Branches - physical centers that customers can visit
- Kiosks – Small bank books are usually found in shopping centres and transport hubs. They are usually STAFFED by bank representatives.
- ATMs – Automated Teller Machines (ATMs) are machines customers can visit. They are usually not STAFFED by bank representatives.
- Cards – Plastic cards issued by the bank and used to make payments. Credit cards help make payments using money borrowed from the bank, and debit cards help make payments using money deposited in your bank account.
- Retail POS – Banks provide Retail Point of Sale systems to shops, restaurants, and other retailers. The retailers use these systems to charge customers who use bank cards. This system can include the cash register, computer, bar-code, and card-scanning machine at the check-out counter in a store.
- Call Centers – Customers may call centres to help make deposits and manage money. Bank representatives operate call centres.
- Mobile and Internet Banking – customers can use their phones, laptops, and tablets to access their banks and arrange loans.

Q-7

Why keep money in a bank?

To decide on whether money should be kept at home or in a bank, ask three questions:

- Will the money be safe from theft or natural disaster? Cash at home can get lost, stolen, or even destroyed. All banks follow federal and state laws and regulations, and the State Bank insures all bank deposits. Therefore, money is always protected even if something happens to the bank.
- Will the money be easy to access and transfer? One need not carry large amounts of cash but pay through cheque, pay order, or ATM, especially when away from home.
- Will the money make an income? Money in banks can generate profits through saving accounts. People who don't have a bank account spend more money than they need to since they have easy access to cash.

Q-8

How can students' bank?

Many banks in Pakistan offer banking services for students, including micro loans for education and starting their own businesses. Banks demand certain information and **conditions for opening student's bank account.**

Q-9

What is a minor savings account?

Some banks in Pakistan are now offering a Minor Savings Account which can be opened on behalf of a child in the name of the father or mother or a court-appointed guardian and the minor. The core intent is to inculcate within the child a savings habit at a young age. It is tailored to meet a child's future financial needs in a planned and convenient manner. Some details on the Minor Savings Account are as follows:

- Can be opened to any child aged between one day and 18 years.
- Can be opened with a minimum amount of PKR 100/-. There is no limit on the maximum amount of investment.
- The cheque book (for the principal account) and the Pocket-Money Card is issued jointly in the name of the minor and the father/mother/ guardian.



- The Pocket-Money Card can be used to access the monthly profit in cash from any ATM or for shopping at retail outlets.
- The online use of Debit Cards is available once registration procedures have been duly completed.
- Profit is calculated on the monthly average balance.

Q-10

How can one withdraw money from a Bank?

Cheques have been and still are the most popular instrument for money transfer for many decades. Each cheque contains some key elements, which include:

- Name and signature of the person making the payment/account holder
- Name of the person who will receive the payment
- Date on or after which the cheque is valid

It is now easy to withdraw money through an ATM (Automatic Teller Machine).

Q-11

What kind of loans do banks make?

- Individual loans: Banks make loans to individuals, so they have money to buy or build a home, buy a vehicle, or use for other purposes. When banks issue a credit card, they make a loan to the user each time they use the credit card to make a payment.
- Business loans: Banks make loans to businesses that enable them to buy or develop land, buildings, or equipment or use it for other business purposes.
- Guarantee: Banks issue a guarantee of payment for business customers to help them grow their businesses.

Q-12

What is online/digital banking?

Online/digital banking allows customers to engage all the services of a bank without having to visit one physically. Using phones, laptops, or computers, customers can check their account details, pay bills, transfer money etc. This enables easy accessibility across all of Pakistan. You can make all your transactions online by linking your bank account with such online markets.

Q-13

What consumer rights to people have?

Anyone who open an account, makes a deposit or take a loan from a bank, becomes a consumer banking service. A bank is more powerful than its customers. This makes it easy for a bank to treat its customers unfairly. To protect customers and their money, the State Bank of Pakistan ensures that banks respect consumer rights by;

- Guaranteed deposit protection
- Right to loan collection
- Rates for services
- Right to information
- Saving rates
- Borrowing rates
- Right to complain and be heard



Q-14

What are the different types of banking frauds?


There are many different types of bank fraud including:

- Misappropriation/Embezzlement: the fraudulent appropriation of funds or property entrusted to your care but actually owned by someone else. It is taking money without permission or in violation of a contract.
- Falsification of accounts: Falsification means changing or misrepresenting data. Falsification of account will include such acts by staff of the bank to willfully destroy, alter, mutilate, falsify any book, paper, writing, valuable security or account, making any false entry etc.
- Impersonation: The act whereby one person assumes the identity and privileges of another; it occurs when an entity pretends to be someone or something it is not.
- Forgery: Forgery of a financial Instrument occurs when an instrument such as cheque is altered, duplicated, or made so that it appears to be a copy of an original document when no such document exists, or the original document has been altered.
- Counterfeiting: Counterfeiting money is the act of producing currency without the legal sanction of a state or government i.e. State bank of Pakistan.
- Skimming: The most prevalent form of counterfeit fraud whereby a genuine card's (debit or credit) magnetic strip details are electronically copied and put onto another card.
- Web Spoofing: Diverting the customers of a bank to an exactly duplicated forged web site and impersonating those customers on real bank site.

III. Learning Outcomes: By the end of the session, learners will be able to...

1. Recognize the purpose, benefits and importance of banking for managing their money and savings.
2. Describe the purpose, functions and services of a bank.
3. Identify various banking channels, including online banking.
4. Recognize the presence of Islamic banking in Pakistan.
5. Recognize different types of frauds prevailing in banking industry.
6. Explain the features of a Minor Account and why every child should have one.

IV. Sample Repository for Banking


Activity (ST) 5.1	IDENTIFYING BANKING VOCABULARY بینکنگ کی زبان						
Learning Outcome	By the end of the session, learners will be able to: <ul style="list-style-type: none"> Describe the purpose, functions and services of a bank. 						
Subject/s	Urdu	C.Sc	Hist.	Math	Islamiat	Pak.S	Econ
Grade/s	6-10						

Step-1: Banking can be complicated, especially when does not have any prior experience with it. Tell the students that engaging with a bank becomes easier if one is conversant with the terminologies. Tell them that today they will have a chance to become familiar with some key words related to banks and banking.

Step-2: Write the 12 banking terminologies on the board. Read out the given statements and ask the students to match a statement with a term.

- | | |
|----------------------------|---|
| 1. Banking transaction | (11) a written record of the activity for a bank account over a monthly period. |
| 2. Savings account | (12) a product offered by a financial institution where customers can put money in and take money out and the financial institution keeps a record of this information. |
| 3. Current account | (10) an employer putting money earned into a bank account. |
| 4. Banking fee | (7) taking money out of a bank account. |
| 5. Profit | (6) money charged each month for the convenience of having a bank account. Most online financial institutions and youth accounts do not have this charge. |
| 6. Monthly fee | (4) money charged for completing a banking transaction. |
| 7. Withdrawal | (9) a plastic card linked to a bank account. Can be used to deposit and withdraw money from a bank account and make purchases at stores. |
| 8. Transfer | (3) money held by an individual, in an account, at a financial institution intended for regular use. |
| 9. Debit card | (2) money held by an individual, in an account, at a financial institution intended for future use. |
| 10. Direct deposit | (5) a percentage of money paid by the bank on the principal amount in a savings account. |
| 11. Monthly bank statement | (1) any activity performed on a bank account by the account holder or at their request. |
| 12. Bank account | (8) moving money from one account to another. This may occur electronically or physically (e.g. moving money from a saving account to a current account). |



Activity (ST) 5.2	BANKING AND BANKS بینک اور اُس کی خدمات								
Learning Outcome	By the end of the session, learners will be able to: <ul style="list-style-type: none">Recognize the purpose, benefits and importance of banking for managing their money and savings.Describe the purpose, functions and services of a bank.								
Subject/s	Urdu	C.Sc	Hist	Math	Islamiat	Pak.S	Econ	Grade/s	8-12

Step-1: Tell the students that today the classroom would be converted into a Bank, with six-different stations (number the stations) announcing six different services, i.e., Customer Service, Bank Teller, Loan Officer, Branch Manager, Automated Teller Machine, Bank Website.

Divide the class into 6-groups and allot one set of tasks to one group. Ask the groups to do some quick research on the internet, and prepare themselves to introduce their station, roles and responsibilities with regard to a bank service. Ask the groups to create a sign board to announce what their station is. Some basic ideas that you can share with the students for each station is as follows:

Travel around the room to each different banking station and record what you learn about the following people and banking tools.

Hi, I am the Customer Service Representative. I can:

- Help you open your account
- Explain services we offer
- Answer general questions
- Refer you to a person who can help you
- Provide written information explaining the bank products

Hi, I am the bank teller.

I will:

- Deposit and withdraw money from your account for you
- Cash your checks
- Answer questions about bank accounts
- Refer you to the person who can help you with other bank services
- Create a bank-certified check for you

Hi, I am the loan officer. If you need a loan, I can:

- Take applications for loans offered at the bank
- Answer questions about loans
- Provide written information explaining loan products
- Help you fill out a loan application
- Evaluate loan applications

Hi, I am the branch manager.

I will:

- Supervise all the bank operations that take place at this branch
- Help fix the problems that other employees cannot solve

Hi, I am an Automated Teller Machine, or ATM for short. I will:

- Get you fast access to your money
- Be available 24 hours a day, 7 days a week
- Help you check your account balance and make deposits

Hi, I am the bank website.

I can:

- Help you monitor your withdrawals and deposits, and even pay bills
- Be available 24 hours a day, 7 days a week for online banking
- Help you check your account balance
- Help you complete

Step-2: Ask the groups to make their presentation, one by one. Ask the students to make notes about the different stations.

Step-3: Deepen the students understanding about the banking purpose, roles and services by highlighting that some of the more common functions of a bank are:

- Accepting deposits from individuals and businesses (through two types of accounts)
- Giving loans to individuals and businesses (brainstorm reasons why either party would need a loan)
- Making/Managing money (ask students how they think banks making/manage money. This branch includes transferring money from account to another, helping customers making payments through credit cards or through mobile banking, exchanging money from one currency to another, and guaranteeing payment for business customers so they can grow their business.)

Step-4: Tell the students that there are two functions related to banking that they must be familiar with. One is related to depositing money, and the other is with regard to withdrawal of cash through cheque.

Step-5: Depositing cash in the bank: Highlight the following tips on depositing cash in the bank.

چیک یا نقد رقم جمع کرانے کا طریقہ

نوٹ:

بینک میں رقم جمع کرانے کے بعد
رصيد پر بینک آفیسر کے دستخط اور
متعلقہ بینک کی مہر کی یقین دہانی
کریں۔

1- اکاؤنٹ نمبر (جس میں رقم جمع کرنی مقصود ہو)

2- اکاؤنٹ کا نام (Account Title)

3- تاریخ کا اندارج 4- رقم اعداد میں

5- رقم الفاظ میں 6- جمع کرانے والے کے دستخط

Step-6: Ask the students how many of them have ever written out a cheque? Ask them what is a cheque, and clarify that a bank cheque is basically a document that orders a bank to pay a stated sum from the drawer's account. Ask the students why they think a cheque is important. Can't people only transact through cash? Tell them that a cheque is important because it allows people to make safe, secure, and convenient payments. Since, it does not involve hard cash during the transfer process, it minimizes the fear of loss or theft. This is especially important for businesses, which make large payments of money.

Draw a cheque on the board (use the visual below), highlight its features. Ask students to make their own cheque in their notebooks and highlight its features. Tell them that it is very important to know the proper way to use a cheque and recognize the ways it can be misused. Highlight some of the following Dos and Don'ts with regard to using cheques.

چیک کی اقسام

چیک دو طرح کے لکھے جاتے ہیں: پہلے وہ جن کے ذریعے بینک سے رقم نکوائی جاتی ہے۔ انہیں کیش یا سیلف چیک کہا جاتا ہے۔

جبکہ دوسری قسم وہ ہوتی ہے جو کسی بھی اکاؤنٹ میں رقم کی منتقلی کے لیے لکھے جاتے ہیں انہیں کراس چیک یا Account Payee چیک کہا جاتا ہے۔

7
Payee Only
MCB Bank Limited

Current Account
CHEQUE No.
CA-100
W 354711
Date

PAY **Zahoor S.**
RUPEES **Twenty Thousand only**

OR BEARER
Rs. 20,000/-

Current A/C No.
1683-2
DO NOT WRITE BELOW THIS LINE

نوٹ:
اس لائن سے نیچے
لکھنا یا دستخط کرنا منع ہے۔

1- تاریخ

2- Self/Cash یا اکاؤنٹ ہولڈر کا نام جس کو رقم منتقل کرنی ہو

3- رقم، اعداد میں

4- رقم، الفاظ میں

5- اکاؤنٹ ہولڈر کے دستخط

6- کمپنی کی مہر (صرف کمپنی اکاؤنٹ کے لیے)

7- Account Payee Stamp رقم صرف اکاؤنٹ میں جمع کرانے کے لیے



DO'S

The Do's of Using Cheques

- ☐ Use a permanent ink pen for writing a cheque and make sure that the text is neat and perfectly legible.
- ☐ Make sure that there are no corrections/modifications/erasures on the face of the cheque as it may lead to its rejection.
- ☐ Destroy a cheque completely if it's soiled or damaged.
- ☐ Ensure that no cheque is removed from your cheque book without your knowledge. If you find one missing, then report it to your bank immediately.
- ☐ Make sure that there are enough funds in your bank account before you issue a cheque. Otherwise, not only you may have to pay a penalty, but the person depositing the cheque will also have to pay a penalty.
- ☐ Write "canceled" across a canceled cheque so that it can't be misused.
- ☐ When sending cheques by mail using a window envelope, ensure that the envelope is of good quality. This prevents cheques from being revealed when the envelope is held against any light.
- ☐ Write the amount issued by a cheque on the leaf of your cheque-book along with the date and purpose of writing the cheque for your own record-keeping.




DON'TS

The Don'ts of Using Cheques

- ☐ Leave space in between the words and write the word "only" after the amount in words. Also, do not leave space before the numerical amount and start as close to the word "Rs."
- ☐ Sign a blank cheque or offer one as payment.
- ☐ Fold or staple a cheque, as it may affect the clarity of the written text along the "fold" or staple. Additionally, the MICR field may also get damaged which is one of the most common reasons why cheque processing systems reject the cheques.
- ☐ Develop a habit of keeping your cheque-book pre-signed.
- ☐ Write around the MICR band that's located at the bottom of a cheque, or the CTS portion that's located on the left side of the cheque.
- ☐ Do not use a laser printer, felt tip pen, erasable pen or pencil, or other printing techniques, which can be easily erased and written over, to write details on a cheque



Activity (ST) 5.3	TYPES OF BANKING CHANNELS رسائی کے زرائع								
Learning Outcome	By the end of the session, learners will be able to: <ul style="list-style-type: none">Recognize the purpose, benefits and importance of banking for managing their money and savings.Describe the purpose, functions and services of a bank.Identify various banking channels, including online banking								
Subject/s	Urdu	C.Sc	Hist	Math	Islamiat	Pak.S	Econ	Grade/s	6-12

Step-1: Inform students that there are many ways pathways through which banks can reach their customers. Display the list below on the board, and ask the students how aware they are of each.

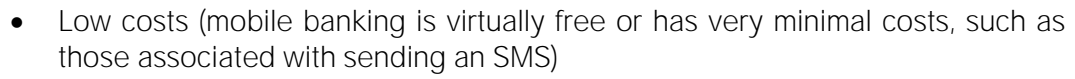
- Branches - physical centers that customers can visit
- Kiosks – Small bank books usually found in shopping centers and transport hubs. They are usually STAFFED by bank representatives.
- ATMs – Automated Teller Machines (ATMs) are machines which customers can visit. They are usually not STAFFED by bank representatives.
- Cards – Plastic cards issued by the bank and used to make payments. Credit cards help make payments using money borrowed from the bank and debit cards help make payments using money deposited in your bank account.
- Retail POS – Banks provide Retail Point of Sale systems to shops, restaurants, and other retailers. The retailers use these systems to charge customers who use banks cards. This system can include the cash register, computer, bar-code, and card-scanning machine at the checkout counter in a store.
- Call Centers – Customers may call centers to help make deposits and manage money. Call centers are managed by bank representatives.
- Mobile and Internet Banking – customers can use their phones, laptops, and tablets to access their banks and arrange loans.

Step-2: Ask the students how banking has changed over the past 10 years. Emphasize the role of mobile banking, especially nowadays when phones and internet connectivity have become more widespread. Ask students to what mobile banking is and what they think it allows customers to do. Mobile banking is when you use your mobile phone to perform basic banking activities such as:


- Check account details
- Pay utility or mobile bills
- Transfer money between your accounts or to others
- Find your nearest bank branch or ATM

Step-3: Ask the students if they can share some benefits of mobile banking. Some of these benefits include:

- Low infrastructure needs (you only need a mobile phone to make it work)
- Remote access (you do not need to visit a bank or even physically have a bank in your area to mobile bank)

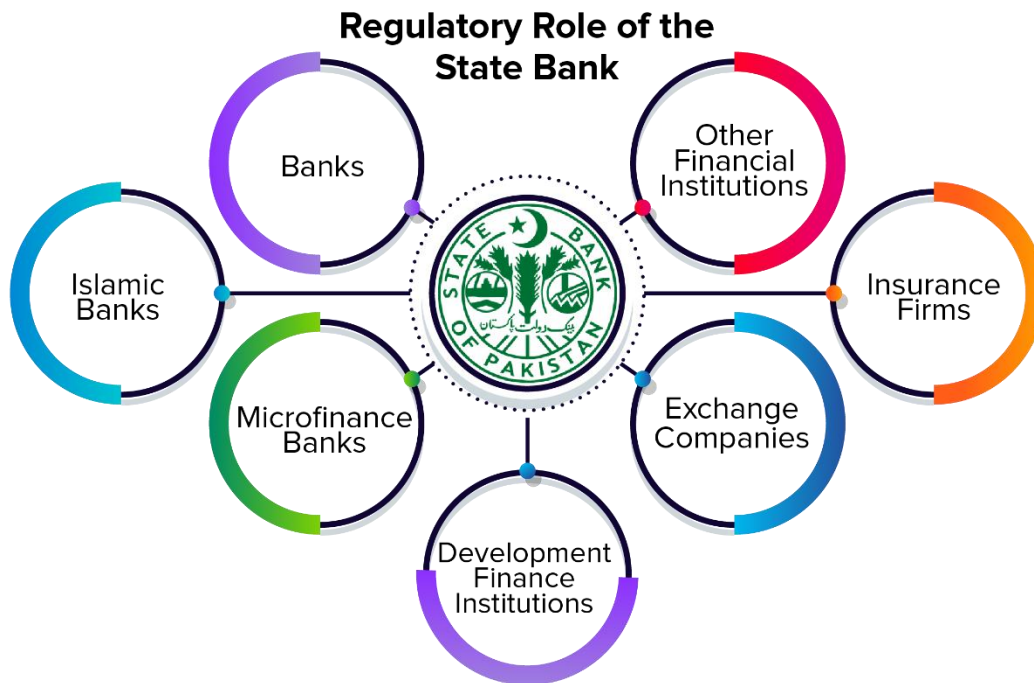




Activity (ST) 5.4	ROLE OF THE STATE BANK OF PAKISTAN SBP کا کردار اور بینکوں کی اقسام							
Learning Outcome	By the end of the session, learners will be able to: <ul style="list-style-type: none">Recognize the purpose, benefits and importance of banking for managing their money and savings.Describe the purpose, functions and services of a bank.Identify various banking channels, including online banking.Recognize the presence of Islamic banking in Pakistan.							
Subject/s	Urdu	C.Sc	Hist	Math	Islamiat	Pak.S	Econ	Grade/s 9-12

Step-1: Ask students to share what they know about the State Bank of Pakistan (SBP). How is the SBP different from other banks? Explain that the SBP is the central bank of Pakistan which supervises Pakistan's banking system. The SBP is a regulatory body that ensures banks and financial institutions operate smoothly and treat their customers fairly.

Step-2: Conclude the discussion by highlighting that the SBP ensures that customer's deposits are secured, a fair service and savings rate is provided, ad fair and reasonable loans are made, amongst other regulations. Using the diagram below³, highlight the regulatory role of the SBP.




Tell the students that you will explain some of the listed in more detail.

Step-3: Highlight that it is the SBP which has introduced Islamic Banking in Pakatan. Now there are two types of banking in Pakistan, the conventional banking and Islamic

³ Extracted from the SBP's (The Pomegranate Tree)



Activity (ST) 5.5	CURRENCY FRAUD مالی بے قاندرگی							
Learning Outcome	By the end of the session, learners will be able to: <ul style="list-style-type: none">Recognize the purpose, benefits and importance of banking for managing their money and savings.Describe the purpose, functions and services of a bank.Recognize different types of frauds prevailing in banking industry.							
Subject/s	Urdu	C.Sc	Hist.	Math	Islamiat	Pak.S	Econ	Grade/s 6-12

Step-1: Hold a 50 rupee note in your hand and ask students if they think it is a natural note or fake. Pass around the note and let the students feel it. Most students may say that it is a real note. Ask them what indicators they used to say the note is real. They may not have any specific answers.

Step-2: Ask students why it is important to distinguish real notes from fake? Currency fraud is a serious crime in Pakistan that carries a minimum sentence of 10 years. Tell them that circulating any fake notes is a criminal offence punishable by law. One can only use those notes printed by the State Bank of Pakistan. Tell the participants that since certain miscreants in society print and circulate fake notes, every citizen must know how to distinguish a genuine note from a fake. And if they ever come across a phoney note, they must immediately report it to the police.

Step-3: Students should be aware of the security features present in a real note that help distinguish it from a counterfeit. Tell the students that 8 checks are built into every printed currency to ensure it is real. One by one, go through the indicators or security features of a note (see visual below). Emphasize to students that if even ONE feature is missing on a note, it is a counterfeit and must be reported. Ask students to pull out a note and observe these features. Also, encourage students to go home and share this information with their parents and family members. Inform students that there are only two types of notes: real notes and counterfeit notes. ONLY the SBP of Pakistan has the right to produce and issue notes in Pakistan.

نوٹ کو پہچاننے کی 8 نشانیاں

4 آر پار نظر آنے والا پسندہ

نوٹ کی مالیت کا پسندہ آدھا نوٹ کے سامنے اوپر کی جانب چھپا ہے اور آدھا نوٹ کے پیچھے چھپا ہے۔ جب نوٹ کو روشنی میں آر پار دیکھا جائے تو نوٹ کی مالیت کا پسندہ مکمل طور پر نظر آتا ہے۔

8 باریک لکھائی

نوٹ کی بالائی دائیں جانب قائد اعظم کی تصویر سے متصل اور بھٹی بائیں جانب حفاظتی پٹی کے قریب باریک لکھائی میں نوٹ کی مالیت کا پسندہ طبع ہوتا ہے۔

6 ابھری ہوئی چھپائی

خاص چھپائی کے تحت نوٹ پر قائد اعظم کی شہر دانی، دائیں طرف ہر نوٹ کی مالیت کا پسندہ اور ہر نوٹ کی دائیں اور بائیں جانب کناروں پر ابھری ہوئی لکیریں بنی ہوئی ہیں جن کو چھو کر محسوس کیا جاسکتا ہے۔ جبکہ انہی کناروں کی بھٹی سطح بالکل ہموار ہے۔

2 چھپا ہوا پسندہ

قائد اعظم کی تصویر کے دائیں جانب نوٹ کی مالیت کا چھپا ہوا پسندہ ہے۔ جب نوٹ کو ہلکا کر دیکھا جائے تو یہ پسندہ واضح طور پر نظر آتا ہے۔

1 روشنی میں نظر آنے والی قائد اعظم کی تصویر

تمام نوٹوں کے سامنے کی طرف بائیں جانب قائد اعظم کی تصویر موجود ہے جو روشنی میں دیکھنے سے نظر آتی ہے۔

5 ابھرے ہوئے نشان

نوٹ کے سامنے کی طرف بائیں جانب ابھرے ہوئے نشان ہیں جن کو چھو کر بیضاء سے محروم افراد نوٹ کی مالیت جان سکتے ہیں۔ بیس (۲۰)، پچاس (۵۰) اور سو (۱۰۰) روپے کے نوٹوں پر بالترتیب ایک، دو اور تین لکیریں ہیں جبکہ سو (۵۰۰)، ہزار (۱۰۰۰) اور پانچ ہزار (۵۰۰۰) روپے کے نوٹوں پر بالترتیب ایک، دو اور تین ابھرے ہوئے دائرے ہیں۔

3 حفاظتی پٹی


نوٹ کے سامنے کی طرف بائیں جانب ایک پٹی موجود ہے جو نوٹ کے اندر نظر آتی ہے۔ دس (۱۰)، بیس (۲۰) اور پچاس (۵۰) روپے کے نوٹوں پر یہ پٹی مکمل طور پر اندر ہے جبکہ سو (۱۰۰)، پانچ سو (۵۰۰)، ہزار (۱۰۰۰) اور پانچ ہزار (۵۰۰۰) روپے کے نوٹوں پر یہ پٹی اندر اور باہر ہوتی نظر آتی ہے۔

7 رنگ بدلتا جھنڈا

پانچ سو (۵۰۰)، ہزار اور پانچ ہزار (۵۰۰۰) روپے کے نوٹوں پر سامنے کی طرف دائیں جانب رنگ بدلتا جھنڈا موجود ہے۔ جب نوٹ کو ہلکا کر دیکھا جائے تو جھنڈا رنگ بدلتا نظر آتا ہے۔

Step-4: Assign a take-home activity in which students ask their parents if they are aware of all the security features. Encourage them to seek out real notes to observe the features and to share their observations with their family members.



Activity (ST) 5.6	DIFFERENT TYPES OF BANK ACCOUNTS بینک اکاؤنٹس کی اقسام								
Learning Outcome	By the end of the session, learners will be able to: <ul style="list-style-type: none">Describe different types of bank accounts and their benefits.Recognize the purpose, benefits and importance of banking for managing their money and savings.Describe the purpose, functions and services of a bank.								
Subject/s	Urdu	C.Sc	Hist.	Math	Islamiat	Pak.S	Econ	Grade/s	6-12

Step-1: Tell students a story of Mr. Daniyal, who wanted to open his personal bank account. He visited a bank and collected relevant information from a bank officer. After listening to the purpose of his visit, the bank officer said that you can opt for either a “Current Account” or a “Saving Account”. For this the following steps need to be followed:

- Provide your Salary Slip and ID Card and in case you are doing business submit account opening request on your company letter head.
- Fill, sign and submit an Account opening form, which will be provided by bank. For Saving Account and Current Account, forms are different.

Step-2: Mr. Daniyal asked the bank officer to explain the difference between a Current and Savings Account. He was told that a Savings Account depositor can avail a monthly profit on average monthly cash balance in the account. He also explained that one can deposit money for a fixed term (period) to get higher profits. Such accounts are called Fixed Deposit Accounts.

Step-3: Mr. Daniyal asked the bank officer what were the advantages of a current account. He was informed that it is a non-interest or profit bearing bank account. It has some features as follows:

- Allows for prompt business transactions.
- No limit on withdrawals.
- No limit on deposits in the home branch.
- Enables businessmen to make direct payments using cheques, demand drafts, or pay orders.
- Provides overdraft facility.
- Provides internet banking and mobile banking facilities.

Step-4: Ask the students some quiz questions, such as: What documents are required to open a bank account? What are different types of bank accounts? What is the difference between a Current Account and a Saving Account? What are Fixed Deposit Accounts.



Inflation

6

I. What is Inflation?

Inflation is a general increase in the prices of goods and services in an economy. Each currency unit buys fewer goods and services when the general price level rises. Consequently, inflation corresponds to a reduction in the purchasing power of money. Inflation affects everyone in the economy: workers, businesses, people on fixed incomes, lenders and borrowers. For example, consumers need to keep track of the prices of items they purchase. When inflation is high, they must spend more time shopping, looking for the best deals. For those with fixed incomes, inflation means their payments won't stretch as far as they could before, and people will have to buy less. If inflation is moderate (prices are increasing slightly), they may have to cut back on non-necessities like travel, movies, or eating out. They might have to cut back on necessities like utilities and food if inflation is high.

What causes inflation? In the short term, high inflation can result from a hot economy — where people have a lot of surplus cash or are accessing a lot of credit and want to spend. If consumers eagerly buy goods and services, businesses may need to raise prices because they lack adequate supply. Or companies may choose to charge more because they realize they can raise prices and improve their profits without losing customers. Another reason for inflation is cost-push inflation, where there is an increase or upward trend in production costs (such as wages and raw materials), which increases consumer prices irrespective of the level of demand. The increased price of the factors of production leads to a decreased supply of these goods.

Too much inflation is considered harmful to an economy, while too little inflation is also considered unhealthy. Many economists advocate for a middle-ground of low to moderate inflation, of around 2% per year. Generally speaking, higher inflation harms savers because it erodes the purchasing power of the money they have saved. However, it can benefit borrowers because the inflation-adjusted value of their outstanding debts shrinks over time.

II. Key Messages About Inflation

Q-1

What is inflation?

Inflation is a sustained upward movement in an economy's overall price level of goods and services. It corresponds with a loss of purchasing power for a currency utilized within the economy.

Q-2

What causes inflation?

Inflation is generally caused by two main factors:

- Increased demand for products and services such that consumer demand exceeds available supply. This phenomenon is also considered as demand-pull inflation. This has also been a common cause of inflation during times of war, when materials and manpower are drawn upon by a military effort and therefore are in shorter supply.
- Increased costs of production (e.g., raw materials and labor) caused by events such as crop losses. This phenomenon is also considered as cost-pull inflation. For instance, when draught or natural disaster causes crop failure and a subsequent lack of food products, the price of food at grocery stores and restaurants will rise.



Q-3

What are the negative and positive impacts of inflation?

Because of inflation, the value of the rupee, also called its purchasing power, reduces. As a result of inflation, it will take more currency units to buy the same goods and services. Continued inflation impacts people in diverse ways. Some of the negative impacts of the inflation include;

- People with fixed income: Those who live on fixed incomes, or those whose incomes increase very slowly, suffer most from inflation because they are able to buy less and less.
- Economy: Those who lose with inflation include the country's economy because consumers' purchasing power declines, along with their standard of living.
- Borrowers: Inflation negatively impact borrowers because lenders raise profit rates to match market profit rates and hedge future inflation.
- Savers: Savers generally lose from inflation because inflation erodes the value of earnings on savings accounts. Inflation discourages saving. It also leads people to buy real estate and durable goods that will keep their value over time.
- Retirees: Inflation negatively impact retirees because they live on fixed incomes that don't increase to match inflation.

Inflation also sometimes have positive impact on some sections of the society including;

- Holders of low- profit fixed-rate loans: Those who benefit from inflation, or at least are not negatively impacted, include holders of low- profit fixed-rate loans such as mortgages because their profit rates don't increase.
- Investors in commodities: People who invest in commodities such as gold, which are purchased as a hedge against inflation (because commodity prices generally track inflation rates).

Q-4

What are some ways to combat inflation?

There are ways to combat or better manage inflation, e.g.,

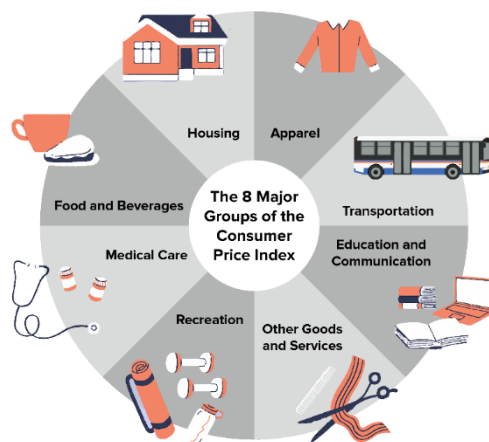
- Get rid of debt
- Make a budget and stick to it
- Start saving money and invest in assets that will hold their value
- Reduce costs where possible, e.g., recycle clothes, shoes, books, uniform
- Grow your vegetables and raise chicken
- Enhance both active and passive income



Q-5

How is inflation measured?

The Consumer Price Index or CPI is among the most common measures of inflation, capturing the average price change paid by consumers over time for a basket of goods and services. In Pakistan, the CPI is calculated and published monthly by the Bureau of Labor Statistics. Any country's CPI consists of a basket of goods that are, on average, in everyday use for consumers. An average basket consists of 8 major categories of products and services linked to housing, apparel, transportation, education and communication, recreation, medical care and food and beverages. In Pakistan, this basket contains 487 daily-use items from 40 cities and 76 markets. These are items used by the majority of people and do not include luxury items.



After determining the prices of the basket of goods, the government of Pakistan uses a formula to give that basket an Index (CPI). The Base year is given a CPI of Rs.100 and is then used to compare the CPI in other years.

Q-6

How is the rate of inflation calculated?

Inflation is calculated using the current and base CPI as follows:

- $((\text{Current CPI} - \text{Base CPI}) / \text{Base CPI}) \times 100$
- 2021 Base CPI: 100 (example)
- 2022 Current CPI: 110 (example)
- Rate of Inflation: $(110 - 100) / 100 \times 100 = 10\%$ (between the years 2021 and 2022)

Q-7

Is inflation bad for the economy?

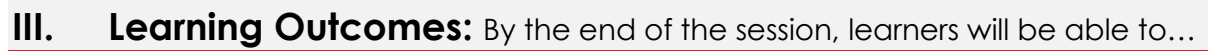
Inflation affects a rise in prices, which consumers feel. However, the answer to whether inflation is good or bad is much more complicated since it is one of many variables used to determine the condition of an economy. Doctors may use a thermometer to check their temperature if a person falls sick. However, the thermometer is one of the multiple tests to check a patient's health. Similarly, inflation is one test to see how healthy an economy is, but there are other tests. Therefore, you cannot use inflation alone to determine whether the economy is in trouble or not.

Q-8

How can I account for inflation?

If you have the same amount of money coming in, but your costs are going up, it makes sense to account for inflation through adjusting spending habits. Some of the ways people can account for inflation include:

- Switching to lower priced brands
- Going out for eating less often
- Shopping at discount grocery stores
- Postponing big purchases
- Increasing income



1. Describe what inflation is and how it affects people positively (winners) and negatively (losers).
2. Discuss the effect of inflation on income, expenses, and savings.
3. Describe how inflation affects purchase decisions and the price of goods and services.
4. Calculate the rate of price change.

[illegible]

IV. Repository of Activities for Students

Activity (ST) 6.1	INFLATING INFLATION ہائے یہ مہنگائی								
Learning Outcome	<p>By the end of the session, learners will be able to:</p> <ul style="list-style-type: none">Describe how inflation affects purchase decisions and the price of goods and services.Discuss the effect of inflation on income, expenses, and savings.								
Subject/s	Urdu	C.Sc	Hist	Math	Islamiat	Pak.S	Econ	Grade/s	6-10

Step-1: For this activity, teachers will require beans (kidney beans or similar) so that students will receive approximately 12 beans each, keeping in mind that some students will receive more beans than others. Also, two sets of three identical items for two auction rounds; items should be of interest to students, for example, a candy bar, a notebook, and a gift item (x2).

Step-2: Introduce the activity by asking the students, “What is money?” (Answers will vary.) Explain that money is anything widely accepted in exchange for goods and services. Explain that money facilitates economic activity, but too much or too little money can cause problems. Problems of inflation! Discuss the following with the students:

- How would your spending change if you had more money? (They would likely spend more money.)
- In general, is spending good for the economy? (Yes, more spending can lead to more production of goods and services. More production can lead to more jobs and income for people. This chain of events results in an expanding economy.)
- If more money results in more spending, and more spending can cause economic growth, why shouldn't the government continuously add money to the economy? (Answers will vary.)

Step-3: Inform students that you would like to conduct an ‘Auction’ to demonstrate this key economic problem of inflation. Distribute the beans to students in a random fashion. Attempt to make sure that the amount of money students receive is varied (2 to 6 beans each) to ensure that someone wins the auction rather than it ending in a tie.

Step-4: Explain the rules for the auction:

- Three items will be auctioned (by the teacher).
- The highest bidder will win each item.
- The three items represent the total output of goods and services produced in the classroom economy.
- Each bean is worth Rs100.
- You may not combine your money with anyone else's in the room.

Show the students the three auction items. Conduct the auction by inviting the students to bid, sell each item to the highest bidder, and note the final selling price of each item. Collect the beans from each winner as part of the transaction. Calculate the total for purchases made in round-1.



Step-5: Explain to the students that you will conduct another auction round (Round-2) as follows:

- You will distribute additional money to each student in random amounts but approximately double the amount of money distributed in Round 1.
- You will auction the second set of items identical to the ones from Round 1.
- If anyone has money left over from Round 1, he or she may use that money in this round. The “new” money is equal in value to the old money.


Step-6: Conduct the auction as before, however, prices should be considerably higher in Round 2. If students are not bidding high prices, encourage more bidding by reminding students that this is the final auction round and that their money cannot be used to buy goods and services outside the classroom. Complete Round 2 and discuss the following:

- What happened to prices in Round 2 compared with those in Round 1? (Prices were higher in Round 2.)
- Were the goods in the auctions different in any way? (No, they were exactly the same.)
- Were there any more items available to buy in Round 2 than in Round 1? (No, the number of items was the same in both auctions.)
- Why were prices higher in Round 2? (People had more money in Round 2, so they were able to bid higher amounts for the identical items than they could in Round 1.)
- How would you summarize the relationship between the money supply and prices? (The money supply and the prices of goods and services are directly related.)

Step-7: Explain that the increase in prices between Rounds 1 and 2 is an example of inflation. Further explain inflation as follows:

- Inflation is a general, sustained upward movement of prices for goods and services in an economy.
- Inflation is an increase in the average level of prices in the economy, not the individual prices of a few goods. For example, while the prices of gasoline and movie tickets might increase, the prices of computers and baseball tickets might decrease.
- Economists say inflation occurs when “too much money is chasing too few goods.” This is likely to occur when the money supply increases at a faster rate than the supply of goods and services produced in the economy.



Activity (ST) 6.2	INFLATION AND RISING PROFIT RATES مہنگائی اور شرح سود میں اضافہ						
Learning Outcome	By the end of the session, learners will be able to: <ul style="list-style-type: none">Describe what inflation is and how it affects people positively (winners) and negatively (losers).Discuss the effect of inflation on income, expenses, and savings.						
Subject/s	Urdu	C.Sc	Hist	Math	Islamiat	Pak.S	Econ
Grade/s	8-12						

Step-1: Instruct students that we will be working in pairs today on an activity that will help them better understand the effect of inflation on money that is borrowed or lent to someone. In each pair of students there will be a lender (bank) and a borrower (consumer or firm). You will remain with the same partner for the duration of the activity, but you may choose to switch who the borrower is and who the lender is within the group.

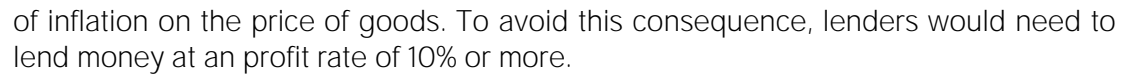
Step-2: Instruct the borrowers to borrow Rs25,000 at a term of 1 year from the lenders. Explain that this loan is currently a zero- profit loan. Ask borrowers to calculate how much money will need to be returned to the lenders in this case at the end of the term, and to return it to the lenders.

Step-3: Next, instruct the lenders that you have in front of you a representative market basket of goods (draw a market basket on the board). This market basket includes some housing, transportation, food, energy, telecommunications, entertainment, health care, etc. Each market basket has a cost of Rs25,000. Ask the lenders if they can afford to buy this market basket with the money that has just been returned to them by the borrowers. Inform students that indeed, the price of the market basket is affordable for the lenders once the money is returned to them. Ask students to identify who was better off in this situation. Elicit that it is a win-win situation for both parties.

Step-4: Inform students that you will now conduct another round. Once again, Instruct the borrowers to borrow Rs25,000 at a term of 1 year from the lenders. Explain that this loan is taken at an annual profit rate of 5%. Ask borrowers to calculate how much money they will return to the lenders in this case at the end of the term, and to return it to the lenders.

Step-5: Next, instruct the lenders that they are to purchase the market basket once again at a cost of Rs25,000. Ask the lenders if they can afford to buy this market basket with the money that has just been returned to them by the borrowers. Inform students that indeed, the price of the market basket is still affordable for the lenders once the money is returned to them. Ask students to identify who was better off in this situation. In this case, the lender has generated some profits on the money they lent.

Step-6: Now, inform the lenders that the price of the market basket has also gone up by 5% due to inflation. The new price is Rs. 26,250, is it still affordable? Who wins in this situation? Yes, it is still affordable and it is a win-win situation once again. However, what if the inflation was 10%? The price of the market basket is now Rs. 27,500, can the lenders afford to buy this market basket with the money that was returned to them with an annual profit of 5%? No, in this case the lenders are losers and will not be able to purchase the same goods with the money that they had lent a year ago due to the effect



Step-7: Ask students to share their experiences. Discuss the consequences of not correctly predicting the inflation rate. Why is it important for borrowers and lenders to try to figure out what prices will do over the life of the loan, i.e., to form expectations about inflation? What information could they use to form these expectations?

[illegible]



Activity (ST) 6.3

CALCULATING INFLATION مہنگائی کا حساب لگائیں

Learning Outcome

- By the end of the session, learners will be able to:
- Describe how inflation affects purchase decisions and the price of goods and services.
 - Calculate the rate of price change.



Subject/s	Urdu	C.Sc	Hist	Math	Islamiat	Pak.S	Econ	Grade/s	8-12
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The consumer price index is used to measure inflation over time. The consumer price index measures the value of a basket of goods bought by a typical consumer. Example: Imagine in a particular country that the typical consumer only buys three things in a given year

Step 1: Make a table as shown:

Good	Price 2020	Price 2021	Price 2022
Socks	Rs. 400	Rs. 500	Rs. 465
Fuel	Rs. 1000	Rs. 1300	Rs. 1200
Burgers	Rs. 200	Rs. 250	Rs. 300

Step 2: Calculate the total price of the three goods each year

Good	Price 2020	Price 2021	Price 2022
Socks	Rs. 400	Rs. 500	Rs. 465
Fuel	Rs. 1000	Rs. 1300	Rs. 1200
Burgers	Rs. 200	Rs. 250	Rs. 300
TOTAL	Rs. 1600	Rs. 2050	Rs. 1950

Step 3: Using 2020 as your base year, calculate the CPI of each year.

CPI formula:

(Price of the basket of goods in one year/Price of a basket of goods in the base year) x 100

Therefore,

- the CPI (2020) = (Rs. 1600/Rs. 1600) x 100 = 100
- the CPI (2021) = (Rs. 2050/Rs. 1600) x 100 = 128
- the CPI (2022) = (Rs. 1950/Rs. 1600) x 100 = 122

Notice: The CPI increases from 2020 to 2021 and decreases from 2020 to 2021. This will be relevant in the following steps.

Step 4: Use the CPIs above to calculate the inflation in each year. Inflation is a rise in prices over time. Specifically, inflation is the percentage change in CPI between two years.

Therefore,

Inflation between 2016 to 2017 = [(CPI (2021) – CPI (2020))/CPI (2020)] X 100
= [(128 – 100)/100] X 100 = 28%

So, prices increased by 28% on average between 2020 and 2021. There was high inflation during this year.



Ask students to calculate the rate of inflation between 2021 and 2022.
(Answer = -4.6% - this is deflation)


Step-5: Explain that this example only includes three goods, but if students think about it, consumers usually consume a large variety of goods each year. The government must keep track of all these goods for each consumer every year to determine the rate of inflation.

Create different tables with goods as in Step-1 and ask students to calculate the inflation rate independently. You can vary the activity by providing the inflation rate and asking students to determine the CPI or the price of a particular good using that information.

Step-6: Conclude the session by reiterating key points as follows:

- The Consumer Price Index (CPI) measures inflation. CPI is an indicator that measures the general change in the level of prices of a basket of goods used by the average consumer in a base year. The base is the year used to compare a change in prices in other years.
- The "basket of goods" refers to a set of goods used, on average, by most Pakistani citizens and may include items such as vegetables, ghee, fuel etc.
- After calculating the price of a basket in a given year, the following formula is applied to calculate the CPI of that given year:
- The CPI formula is: $\text{Price of the basket of goods in one year} / \text{Price of a basket of goods in the base year} \times 100$



Activity (ST) 6.4	NEELAM GHAR – ON INFLATION مہنگائی پہ نیلام گھر						
Learning Outcome	By the end of the session, learners will be able to: <ul style="list-style-type: none">Describe how inflation affects purchase decisions and the price of goods and services.Calculate the rate of price change.						
Subject/s	Urdu	C.Sc	Hist	Math	Islamiat	Pak.S	Econ
Grade/s	6-10						

Step-1: Tell the students that you will organize a Neelam Ghar on Inflation. Remind them that inflation is the general rise in the prices of goods and services in an economy, over a period of time. It reduces the purchasing power of consumers, because each unit of currency can purchase fewer products with an increase in the general price levels.

Step-2: Ask the students the following multiple-choice questions on Inflation to help them understand the topic better. After each question, certify the answer and provide further information as needed.

- High inflation levels in the economy leads to _____ in the supply of money.
 - Increase
 - Decrease
 - No change
 - None of the above
- Which of the following concepts is the opposite of inflation?
 - Deflation
 - Stagflation
 - Recession
 - None of the above
- A government resorts to _____ to reduce inflation.
 - Cuts in government spending
 - Increase in government expenditure
 - Reduction in repo rate
 - None of the above
- When the price levels of goods and services are falling continuously, this phenomenon is called _____.
 - Deflation
 - Stagflation
 - Inflation
 - None of the above
- If too much money is chasing too few goods, the resulting inflation is known as _____.
 - Stagflation
 - Cost-push inflation
 - Demand-pull inflation
 - None of the above



6. Inflation is measured by _____.
a. **Consumer price index**
b. Wholesale price index
c. **Marshall's index**
d. None of the above
7. When inflation is a result of an increase in the price of factors of production, the result is _____.
a. Stagflation
b. **Cost-push inflation**
c. Demand-pull inflation
d. None of the above
8. The combination of stagnation and inflation is known as _____.
a. **Stagflation**
b. Cost-push inflation
c. Demand-pull inflation
d. None of the above
9. When the central government reduces the value of the domestic currency in terms of foreign currency, this phenomenon is called _____.
a. Depreciation
b. Appreciation
c. **Devaluation**
d. None of the above
10. The purchasing power of money varies _____.
a. Directly with the volume of employment
b. **Inversely with the price level**
c. Directly with the profit rate
d. Directly with the price level
11. How does inflation help in the redistribution of income?
a. **Disproportional change in prices**
b. Proportional changes in prices
c. Falling prices
d. Rising prices
12. The Consumer Price Index helps to measure the degree to which _____.
a. Consumer prices have risen relative to the wage level in the economy
b. Distribution of income between two different sets of income recipients at the same point in time
c. **Distribution of income between two different sets of income recipients during different periods**
d. None of the above



Investment

7

I. What is Investment?

Investing is spending money with the goal that it will bring a profit, or more money, in the future. An investment can be in form of property such as livestock (cows, goats), land (rental units, commercial buildings), business (market stalls, grocery shops,) or shares and bonds from which you can earn profits. Investors receive a return on their investment in the form of income and/or growth in value of their investment over time. People can more easily achieve their financial goals by investing steadily over many years, reinvesting dividends, and capital gains to compound their returns. Investors have many choices of investments that differ in expected rates of return and risk. Riskier investments tend to earn higher long-run rates of return than lower-risk investments. Investors select investments that are consistent with their risk tolerance, and they diversify across a number of different investment choices to reduce investment risk.

People who are graduating from their poor economic conditions, those who are involved in self-employment should be aware of the importance and method of investing their money. Students who begin with student investments can learn how to do financial research and assess risk. Starting to save early and investing what you save gives you more time to grow your money. It also establishes the good habit and mindset that will help carry you through life. So, learning about investing at early stage of life is important for children. Investment serves as an efficient tool for:

- Wealth creation
- Generating income
- Tax benefits
- Meeting financial goals
- Economic development

In this theme, students will learn about importance of investments, various options of investment, diversifying investment portfolio, criteria for investments & sharing profits etc.

II. Key Messages About Investment

Q-1

What is investment?

Investment is dedicating an asset to increase in value over a period of time.

Q-2

What are the differences between saving and investing?

- The difference between saving and investment is that for saving you put aside money for future use while with investment, money is put into a productive activity to multiply it.
- Saving is done on the principles of safety, liquidity and availability
- Under investment, returns are given more importance than safety, liquidity and availability



Q-3

Is there an investment criteria?

The following are important things to think about when investing. They are:

- Safety/risk: safety, or the level of risk, involved in an investment is a key factor to consider. Don't get involved in risky investments if they make you anxious or if you can't accept the loss if the investment should lose value.
- Liquidity: "liquidity" of an investment should also be considered. Liquidity refers to how easily and quickly an investment or asset can be turned back into cash and how certain you can be of its value.
- Return on the investment & Rate of Return: "return on investment" is a common performance measure used to evaluate and compare the efficiency of financial investments. A rate of return (RoR) is the net gain or loss of an investment over a specified time period.
- Time management involved: If you invest in a savings account or a term deposit, little of your time is needed to watch over the investment. However, an investment in stocks, or a business, or in a house, for example, may require a good deal of your time.
- Growth potential: The "growth potential" of an investment is another important thing to consider. Investigate, if the return you get from the investment will possibly change and improve over time? An investment that pays a "fixed rate of return" obviously has little growth potential in its value.
- Knowledge of the investment: "knowledge of the investment" is also important. It is never a good idea to invest in any investment that you don't understand. As a rule of thumb, understand what you are investing in, and don't invest in something simply because others have.

Q-4

Are large sums of money needed for investment?

There is a common thinking that a lot of money is needed to start investing, but that is not true. If one were to set aside and invest only Rs. 100 per day for 30 years in a savings account, this could grow into over one million rupees. Children, teenagers, young adults, teachers, entrepreneurs, or stay-at-home parents should all learn to save and invest their money so that it can grow into a lot more money over time.

Q-5

What is the First Step Towards Investment?

Effective budgeting and saving money are the first steps towards investment. Setting aside small amounts of money at an early age may lead to a large sum after some years. This money can be used as an investment to grow money multiple folds.

Q-6

What investment options do i have?

- Bank deposits: Individuals can deposit money in savings accounts and obtain a mark-up or profit share on their savings.
- Listed shares: Individuals can buy and sell shares of companies listed on the Pakistan Stock Exchange. They may receive dividends on these shares and have a profit (or loss) when the shares are sold.
- Fixed income certificates: Individuals can purchase certificates and bonds that provide a fixed or predictable return over a period of time. These certificates and bonds may be issued by the government or by companies.



- **Mutual Funds:** Individuals can put money in mutual funds. These funds invest in shares of companies listed on the Pakistan Stock Exchange, in fixed income certificates and in other financial assets.
- **Pension Funds:** Individuals can put money in pension funds. These funds invest in shares of companies listed on the Pakistan Stock Exchange, in fixed income certificates and in other financial assets. Payments made after retirement are tax free or have lower tax.

Q-7

What risks are associated with investing?

- There is a risk of losing money when your investments lose value, are stolen, mismanaged, destroyed or damaged.
- Use anything that goes wrong as a lesson learnt for the future. Usually, the potential for higher profits carries with it a higher risk that you will lose some or all of your money.
- Invest according to how much risk you are willing to take
- Invest in different assets, stocks, securities, properties etc. in order to spread the risk or earn from different investment opportunities.
- “Don’t put all your eggs in one basket” because if the basket breaks you could lose everything.
- It is a good idea to balance high and low risk investments or savings – this is like mixed cropping: if beans don’t germinate, then the maize could.

Q-8

Can investment be done in partnership with others?

Investments can also be made in partnership with other people, wherein, 2 or more contribute equal or varying amount of money and returns on the investment are shared between partners. If it is a business, there are two factors to consider when estimating profit share. One, how much money each person has put in the business, i.e., what is their investment in the business. And two, how much time or effort has the person contributed towards the business.

Q-9

What is fairness vs. practicality in investment?

In financial planning, we often need to think about fairness and practicality.

- **Fairness:** Are my actions fair to all involved?
- **Practicality:** Will my actions help me meet my goals?

Q-10

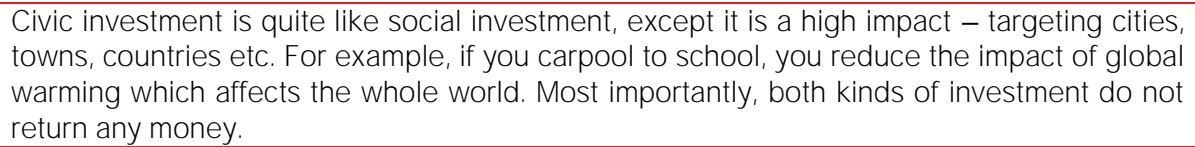
Are all Investments Good?

All investments have an element of risk. Bad investments can lead to money being partially or completely lost. It is critical to carefully assess investment avenues before making an investment, and only invest what you can bear to lose.

Q-11

Are All Investments done for Money Returns?

No, charitable investments don’t yield profits, and are made to support other people in need, or to support solutions to certain social problems. Social investment refers to investment in people or resource. If you strengthen another person’s skills or capacities, then you are engaging in social investment. This could be in ways as simple as teaching someone, giving someone a job etc.



1. Identify different investment avenues that may lead to financial freedom in the future.
2. Focus on savings with an investment goal in mind.
3. List the potential benefits of investing money in various financial assets
4. Assess investments options with regard to risks and rewards.
5. Compare rates of return on different types of investments and order them by risk
6. Describe the importance of diversifying investment portfolio.
7. Appreciate that investment can be made for other than money returns.

Integration of Financial Literacy into National Curriculum

IV. Repository of Activities for Students


Activity (ST) 7.1	INVESTMENT LINGO & BINGO (کیا کھویا کیا پایا)									
Learning Outcome	<p>By the end of the session, learners will be able to:</p> <ul style="list-style-type: none">Identify different investment avenues that may lead to financial freedom in the future.List the potential benefits of investing money in various financial assets									
Subject/s	Urdu	C.Sc	Hist	Math	Islamiat	Pak.S	Econ	Grade/s	9-12	

Step-1: Inform students that the world of investing is confusing and consists of many terms that may seem overwhelming or confusing. This activity will help you become familiar with some common terms i.e., the lingo that is found in the world of investing. Let's begin!

Step-2: Ask students to begin writing the terms and definitions in their notebooks that you are about to give out. Inform them that they may be quizzed on these terms later.

Ask	The price a seller will accept—the offer price.	Capital Loss	Money lost when an investment loses value in the market.
Bull Market	When a market has a sustained increase in prices.	Bond	A loan from an investor to a borrower (specifically a government or corporation).
Bid	The price a buyer is willing to pay.	Dividend	Given to the shareholders of a company as a reward.
Capital Gain	Money an investor makes when selling their investments.	ETFs	Exchange-traded funds are a bundle of assets that you can buy and sell with flexibility.
Stock	Partial ownership of a company through shares.	Share	One of the equal parts into which a company's capital is divided, entitling the holder to a proportion of the profits.
Hedge Fund	A fund that focuses on making very risky investments to make a lot of money	Short Selling	Investor borrows shares, sells them on the open market, and buys them back at a lowered price.
Margin	The money someone borrows to purchase an investment.	Volatility	A measure of how risky a security is.
Mutual Fund	Pools money from multiple investors together to invest.	Asset Allocation	Dividing your investments between different assets.



Activity	INVESTMENT – WHY & HOW?								
(ST) 7.2	سرمایہ کاری-کیوں اور کہاں								
Learning Outcome	<p>By the end of the session, learners will be able to:</p> <ul style="list-style-type: none">Identify different investment avenues that may lead to financial freedom in the future.Appreciate that investment can be made for other than money returns.								
Subject/s	Urdu	C.Sc	Hist	Math	Islamiat	Pak.S	Econ	Grade/s	6-10

Step 1: One week before the session, give the students a home task. Ask them to interview their parents and extended family to find out whether they have made any investments, and if so in what? Ask them to write some points in their notebooks for discussion in class.


Step-2: Welcome the students to the session. Tell them that before discussing their points, you would like to do a quick quiz by asking them some questions:

- What is investment?
- How is it different from savings?
- Why is investment important? You make money while you are sleeping.

Step-3: Ask the students to refer to their home task. Ask them if they had good interviews? Now ask them to give you some ideas of the kinds of investments their family made by their family. Expect responses such as purchase of land or building, prize bonds, gold, motorbike for use as bike, car for use as Uber, in a business, etc. Explain that sometimes if a venture requires a lot of money, it is possible for 2 or more people to invest in the venture and become partners.

Step-4: Conclude the session by explaining that there is always risk associated with investments. They do not guarantee profit. Investments may lose value, they could be stolen, mismanaged, destroyed or damaged. Usually, the potential for higher returns carries with it a higher risk that you may lose some or all of your money. Therefore, people must invest according to how much risk they are willing to take. Also, investment should be diversified, i.e., one must not put all eggs in one basket, because if the basket breaks you could lose everything. It is also a good idea to balance high and low risk investments or savings – this is like mixed cropping: if beans don't germinate, then the maize could.



Activity (ST) 7.3	ANALYZE STOCKS سٹاکس کا جائزہ								
Learning Outcome	By the end of the session, learners will be able to: <ul style="list-style-type: none">Assess investments options with regard to risks and rewards.Compare rates of return on different types of investments and order them by risk								
Subject/s	Urdu	C.Sc	Hist.	Math	Islamiat	Pak.S	Econ	Grade/s	8-12


Step-1: Inform students that one of the most popular investments that people make are into stocks and shares of publicly listed companies. People generally purchase into a company if they believe that the company is on the right path, is prospering, or will prosper in the future. Purchasing a stock or share does not require a lot of money; you can own a part of a company for all low as Rs. 1 or as high as Rs. 1000. The value of the stock greatly depends on how large or small the market capitalization is for that respective company. This means, how much of the market does this single company own, reflected through its share or stock price.

Step-2: Instruct students that before buying a stock, it is imperative that the investor does their due diligence regarding this particular company. The first step in that process is researching the stock information. This activity will require you to begin this process of due diligence and conduct primary research of some popular publicly listed companies if Pakistan.

Step-3: Have students create a table in their notebooks with 10 companies on the vertical axis. Companies may include prominent food and beverage, petroleum, banking, construction, engineering, motor vehicle companies, etc., that are publicly traded on the stock market. Teachers may provide students with this list of companies or alternatively, if students have the means, they may be asked to identify these companies by researching the stock market index on their own.

Step-4: Next, ask students to write the following research parameters on the horizontal axis: Stock Symbol, Market where it is traded, Current Stock Price, 52 Week Range, and Dividend Paid. Allow students up to a week to research these stocks. Instruct students that they should visit google finance or yahoo finance to research the list of companies in the above table, search for and record the information on the table, select your top three favorite companies on the list, research those companies, visit their site, list them on the back and explain why you would invest in that company.



Activity (ST) 7.4	INTRODUCTION TO INVESTING سرمایہ کاری کا تعارف								
Learning Outcome	<p>By the end of the session, learners will be able to:</p> <ul style="list-style-type: none">• Identify different investment avenues that may lead to financial freedom in the future.• List the potential benefits of investing money in various financial assets• Assess investments options with regard to risks and rewards.• Describe the importance of diversifying investment portfolio.								
Subject/s	Urdu	C.Sc	Hist.	Math	Islamiat	Pak.S	Econ	Grade/s	8-12

Step-1: Highlight to students that in this activity they will learn about various ways to invest. These include cash and bank deposits, stocks, mutual funds, bonds, real estate, or precious metals. You will be assessing different risk that comes with each type of investment and determining when it is a good idea to invest.

Step-2: Ask students if they know what the term investing means? Explain that investing is expended money with the expectation of achieving a profit or material result by putting it into financial schemes or assets. Also highlight that there are many different types of ways to invest such as those discussed previously. However, as an investor, it is important to know about all the different ways to invest in order to get the most money out of your investments.

Step-3: Inform students that investors create an ‘Investment Plan or Strategy’ to determine the best path on how to save money to help it grow. An investment strategy includes more than just stocks, or bonds, or cash – it includes a diverse selection of options! However, these are carefully assessed on its ‘Liquidity’, ‘Risk’, and ‘Potential Returns’. Ask students to guess what these are?

Step-4: Highlight that ‘Liquidity’ is how easily an investment can be converted into cash for other use. ‘Risk’ is the chance of the investment to lose value, and ‘Potential Returns’ is how fast your investment can grow. These three are the crucial indicators that are assessed when choosing an investment. Now, lets take a look at some investing options with regard to these assessment parameters.

Cash and Bank Deposits Liquidity: Very High Risk: Low Potential Growth: Zero or Negative	Cash, believe it or not, is an investment in and of itself. Cash, and bank deposits you can withdraw right away, are the most liquid assets, since liquidity is basically how quickly you can convert any investment into cash.
Certificates of Deposit Liquidity: Low Risk: Low Potential Growth: Low	A Certificate of Deposit is like a savings account with a locked-in profit rate, but you cannot withdraw the cash for a certain period of time.
Stocks Liquidity: High Risk: Medium Potential Growth: High	“Stocks” is usually what comes to mind when thinking about investments. As far as an investment strategy is concerned, mutual funds and ETFs which hold stocks are all the same thing – buying a piece of one or many companies in exchange for a share of their profits.



Bonds Liquidity: Medium Risk: Low Potential Growth: Medium	Bonds come in three “Flavors” – Corporate Bonds, Treasury Bonds, and other Government Bonds. Unlike stocks, a bond is a loan that you make to a company or government, and they need to pay it back plus profit.
Real Estate Liquidity: Low Risk: Medium Potential Growth: Medium	Real Estate includes land and buildings. You can buy and sell different real estate as an investment.
Precious Metals Liquidity: High Risk: Medium Potential Growth: Medium	This includes buying Gold and Silver. Many investors try to buy gold and other precious metals as an investment (and to protect against inflation). However, this often backfires.

Step-5: Inform students that some guiding tips and tricks that investors are mindful of are as follows:

- **Don’t Keep All Your Eggs in One Basket**
It is important to have a diverse investment strategy. This means that you are investing in different types of securities. This is important because it then you will have a better chance at making a return and profit from your investment.
- **Use an Evolving Portfolio**
The old suggestion of “more bonds as you get older” is based on the idea that as you get closer to retirement, your portfolio should get more conservative. This is because you do not want to lose all of your money that you invested at an older age because you won’t have time to make up for it.

Remind students that ‘Liquidity’ is how easily an investment can be converted into cash for other use. ‘Risk’ is the chance of the investment to lose value, and ‘Potential Returns’ is how fast your investment can grow. These three are the crucial indicators that are assessed when choosing an investment.

Step-6: Discussion Questions as follows:

- Do you think that there is a best type of investment? Why?
- What is one tip or trick that you got from this activity?
- Using examples from the activity, explain what is meant by the term Liquid.
- If you were given Rs100,000 today, how would you invest it and why?
- Are there any risks with any of these investments?
- Why is it important to diversify?



Entrepreneurship

8

I. What is Entrepreneurship?

Entrepreneurship refers to the process of creating a new enterprise and bearing any of its risks to make a profit. The person who creates a new enterprise and embraces every challenge for its development and operation is known as an entrepreneur. Entrepreneurship involves the recognition of opportunities (needs, wants, and problems) and using resources to pursue an idea for a new, thoughtfully planned venture along with any of its uncertainties to make a profit.

The most popular example of entrepreneurship is setting up and growing a new business. For instance, if someone starts an ice cream business, they will be considered an entrepreneur. However, the process of entrepreneurship, and the application of entrepreneurial skills and competencies, can be evident within companies, within governments, in running a not-for-profit organization, and so on.

The entrepreneur is commonly seen as an innovator, a source of new ideas, goods, services, and business procedures. Entrepreneurs are considered creative and innovative individuals who not only establish a new business but are willing to take risks to reap the rewards. Successful entrepreneurs often make a significant impact in societies (or worldwide).

Many great entrepreneurs start with just an 'idea' that will either solve an existing problem or make effective use of an unutilized resource. These entrepreneurs then further mature the idea through market research, discussions, brainstorming and product development, converting the ideas into possible products or services. They then develop a plan for how and from where they will mobilize resources and set a timeline for implementation and growth of the enterprise.



Do you want to own your business someday? Do you have a brilliant idea for a product or service but aren't sure how to turn that into a feasible company? Many people have a goal of becoming an entrepreneur but lack the knowledge and skills to get there. In order for people to follow their dreams and be successful, learning about entrepreneurship early in life is a must. Entrepreneurship helps people solve daily-life problems and eases pain points with the help of innovative products and services provided. Learning about entrepreneurship and innovation enhances one's analytical and logical skills that enable one to solve any problem. In this theme, students will learn about the concept of entrepreneurship, the importance of entrepreneurship, key characteristics of successful entrepreneurs, identifying and evaluating a viable business idea, e-commerce, Loss, break-even and profit etc. among other things.



II. Key Messages About Entrepreneurship

Q-1

What is entrepreneurship?

The activity of setting up a business or businesses, taking on financial risks to generate profits.

Q-2

Who is an entrepreneur?

The entrepreneur is someone who has the ability and desires to establish, administer and succeed in a startup venture, along with the risk associated with it, to make profits. Entrepreneurs are often known as a source of new ideas or innovators and bring new ideas to the market by replacing old ideas with new inventions.

Q-3

What are the characteristics of an entrepreneur?

Great entrepreneurs come from all walks of life. There's no single personality profile, and it's important to pay attention to the entrepreneurial team, rather than focus on the individual. That being said, there are certain characteristics and skills that are particularly important for entrepreneurs to have when starting and leading a venture. Some of the key characteristics shared by successful entrepreneurs are;

- **Adaptability:** The nature of business is ever-changing, and entrepreneurs need to evaluate situations and remain flexible to ensure their business keeps moving forward, no matter what unexpected changes occur.
- **Decisiveness:** To be successful, an entrepreneur has to make difficult decisions and stand by them.
- **Team Building:** A great entrepreneur is aware of their strengths and weaknesses. Rather than letting shortcomings hold them back, they build well-rounded teams that complement their abilities.
- **Risk Tolerance:** Successful entrepreneurs are comfortable with encountering some level of risk to reap the rewards of their efforts; however, their risk tolerance is tightly related to their efforts to mitigate it.
- **Persistence:** Part of what makes an entrepreneur successful is their willingness to learn from mistakes, continue to ask questions, and persist until they reach their goal.
- **Comfortable with Failure:** Successful entrepreneurs must prepare themselves for, and be comfortable with, failure. Rather than let fear hold them back, they allow the possibility of success to propel them forward.
- **Long-term focus:** Entrepreneurship is a long-term endeavor, and entrepreneurs must focus on the process from beginning to end to ensure long-term success.
- **Innovation:** Innovation is a characteristic some, but not all, entrepreneurs possess. Fortunately, it's a type of strategic mindset that can & should be cultivated.

Q-4

Why do people become Entrepreneurs?

Some of the reasons why people become entrepreneurs are as follows:

- They want to do something different.
- They want to change the world by solving social issues.
- They do not want to work under anyone else, i.e., to be a boss.



- They want to work flexible hours and from anywhere.
- They can't get a job.
- They don't fit into the corporate environment.
- They are curious, ambitious and hard-working.

Q-5

How Do Entrepreneurs Contribute to Society?

Entrepreneurs are job creators, not job seekers. They generate new ideas and opportunities, new resources, and new pathways for self and others. Many enterprises respond to and solve social issues, e.g., private taxi services, a hotel in the marketplace, a pharmacy in remote areas, recycling plants in urban centres, etc. Entrepreneurs that focus on producing products and services that resolve social needs and problems are called social entrepreneurs. Their motto and goal are twofold: *kamai* and *bhalai*, i.e., generate a profit to sustain and make the world a better place.

Q-6

What are the different roles of entrepreneurs?

There are two popular descriptions of the role of entrepreneurs.

- Taking a business to profitability: Entrepreneurs start businesses and help them get to profitability. For example, a baker may set up a bakery, market his or her bread and cakes and work hard to make sure the business becomes profitable as soon as possible.
- Innovating to develop new goods and services: Entrepreneurs also innovate to develop new goods and services. For example, a baker may set up a bakery, develop a new kind of pastry, market the pastry and work hard to make sure the business becomes profitable as soon as possible.

Q-7

What are the different types of entrepreneurship?

Entrepreneurship can be classified into the following types:

- Small Business Entrepreneurship: These are small businesses which can be started with little investment and include hairdressing, grocery stores, travel agents, consultants, carpenters, plumbers, electricians, etc. These people run or own their own businesses and hire family members or local employees. They fund their business by taking small business loans or loans from friends and family.
- Scalable Startup Entrepreneurship: This start-up entrepreneur starts a business knowing that their vision can change the world. They attract investors who think and encourage people who think out of the box. They require more venture capital to fuel and back their project or business.
- Large Company Entrepreneurship: These huge companies have a defined life cycle. Most of these companies grow and sustain by offering new and innovative products that revolve around their main products. The change in technology, customer preferences, new competition, etc., build pressure for large companies to create an innovative product and sell it to the new set of customers in the new market.
- Social Entrepreneurship: This type of entrepreneurship focuses on producing products and services that resolve social needs and problems. Their only motto and goal is to work for society and not make any profits.



Q-8

How do you Identify and evaluate business ideas?

Generating a business idea is a starting point for every entrepreneur. Business ideas can arise from observing certain unmet or inadequately met customers' needs. Sources of business ideas can also be previous work experience, hobbies and personal interests, someone else's idea, friends and relatives.

Once you have an idea, or a bunch of ideas, you have to evaluate or assess them – just as you would evaluate an opportunity. Some of the ways one can evaluate their business idea include;

- What do others think of the idea?
- Has the idea been tried before? If not, why not? If so, with what success?
- How confident do you feel about the idea?
- What are the risks associated with the idea? Are they controllable?
- Is the idea directly related to an opportunity? Specifically, define the opportunity.
- Is there a “user-market “for the idea? Define it. How large is it?
- Will there be much resistance to the idea? From where? Why? Can such resistance be overcome?
- Is much money necessary to finance the idea? Will it likely be available?
- Have you made any questionable assumptions in formulating your idea?
- Is there a better idea available?

Q-9

What are loss, break-even, and profit?

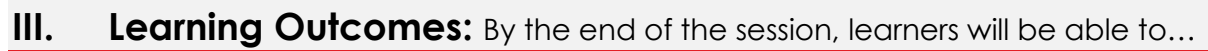
Because it takes time to get customers, businesses often start with losses, then go to break even and then to profits.

- Loss: Often, in the early years of a business, expenses will be more than income. This will result in a loss. To have enough money to cover losses, business owners will invest money in the business.
- Break Even: Once there are enough customers and income increases, a well-managed business will get to break even. At this point, income and expenses equal each other.
- Profit: If businesses are well-managed, as they grow customers and income, their expenses will increase at a slower rate. This will result in profits.

Q-10

What is E-Commerce?


- Shopping, ordering, buying and selling is quickly moving online.
- Any business that sells its goods or services over the Internet and receives payments electronically is using e-commerce.
- Entrepreneurs can also engage in e-commerce businesses.
- Some of the prominent examples of e-commerce businesses in Pakistan are online food delivery start-ups such as Airlift, Cheetah etc.



1. Recognize the presence of entrepreneurs and their contributions to the economy.
2. Describe the qualities of an entrepreneur, and assess their characteristics and skills as they relate to entrepreneurship including the 'can-do' attitude in the wake of all the adversities.
3. Describe the process of starting a business, avoiding common pitfalls, and pitching ideas more effectively.
4. Describe how they can apply entrepreneurial competencies in addressing problems in their class, school, home, and community.

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

IV. Repository of Activities for Students

Activity	STUDY AN ENTREPRENEUR								
(ST) 8.1	کاروباری کا جائزہ								
Student Learning Objective	<p>By the end of the session, learners will be able to:</p> <ul style="list-style-type: none">• Recognize the presence of entrepreneurs and their contributions to the economy.• Describe the qualities of an entrepreneur, and assess their characteristics and skills as they relate to entrepreneurship including the 'can-do' attitude in the wake of all the adversities.• Describe the process of starting a business, avoiding common pitfalls, and pitching ideas more effectively.								
Subject/s	Urdu	C.Sc	Hist.	Math	Islamiat	Pak.S	Econ	Grade/s	6-12


Step-1: Tell students that you would like them to research an entrepreneur and learn from his or her journey in starting a business. They can find such entrepreneurs in markets, in their neighborhood and amongst family friends. If resources permit, use the sample case studies in article in the link below to discuss the effect of entrepreneurial actions on the economy. “Top entrepreneur stories to inspire you in 2017” by Tanya Klich (<https://www.forbes.com/sites/deloitte/2022/07/15/greening-aviation-reducing-emissions-along-the-aircraft-value-chain/?sh=34f21658b044>) – or similar resources.

Step-2: Ask the students to brainstorm a list of questions they would like to ask the entrepreneur that they research. Some key questions may include:

- When did the entrepreneur set up the business?
- How did the entrepreneur come up with a business idea?
- Who or what inspired this person to become an entrepreneur?
- When and how did this person start their company?
- Does the business solve an unmet problem or need? Does it utilize existing resources or skills? E.g., skills to stitch, availability of a motorcycle lying around, computer skills.
- How much did the entrepreneur invest? Where did s/he find the money to buy the various resources you needed?
- What are some significant business expenses?
- Does the entrepreneur make a profit?
- What challenges and obstacles did this person face along the way?
- What risks or challenges does the entrepreneur face in the business?
- What are some competencies that entrepreneurs must use in their business?
- According to the entrepreneur, is a business better than doing a job?
- Is the entrepreneur a job creator? How?
- Is the entrepreneur contributing positively to the economy? How? What innovations or business did this entrepreneur contribute to the world?

Step-3: When students have finished gathering information, invite volunteers to present their entrepreneur to the class. Help students understand that entrepreneurial ventures not only help solve a problem for consumers or businesses, but they can also create employment opportunities.



Activity (ST) 8.2	ARE YOU A POTENTIAL ENTREPRENEUR? کیا آپ کاروباری بن سکتے ہیں								
Student Learning Objective	By the end of the session, learners will be able to: <ul style="list-style-type: none">Describe the qualities of an entrepreneur, and assess their characteristics and skills as they relate to entrepreneurship including the 'can-do' attitude in the wake of all the adversities.								
Subject/s	Urdu	C.Sc	Hist.	Math	Islamiat	Pak.S	Econ	Grade/s	6-12

Step-1: With a show of hands, ask students to determine if they possess attributes of an entrepreneur. Invite some responses from students on why they think they so. Next, inform students that in this activity they will examine themselves against certain well-known attributes or characteristics of entrepreneur, and determine this for themselves.

Step-2: Indicate to students that these characteristics include passion, self-confidence, self-esteem, determination, self-reliance, opportunity-oriented, forward-thinking, having a vision or goals, drive and ambition, risk-taking ability, competitiveness, creativity, and willingness to learn. Provide brief explanations through examples if students are unaware of these characteristics.


Step-3: Inform students that in order to be entrepreneur, one must possess these attributes – now you will rate yourself honestly on these characteristics. Since there are no winners or losers, and no prizes to be won by scoring yourself high, please rate yourself honestly. If you think you strongly possess a certain quality rate yourself high, however, if you do not, then rate yourself accordingly so that you may indicate which characteristics you would like to further improve in the future.

Step-4: Instruct students that you will read out a statement, and you will have to select a number from 1 – 10, that best indicates what you believe about each of the following. Note that '1' means "strongly disagree" while '10' means "strongly agree". At the end, we will discuss your rating as a group. You may be asked to provide explanations for your choices so rate yourself carefully and honestly. The first statement is...:

1	Is passionate, with strong feelings about things personally important to me	8	Has vision and goals
2	Is self-confident	9	Has drive and ambition
3	Has high self-esteem	10	Is willing to work hard
4	Is capable of accomplishing whatever I set out to do	11	Is willing to take a risk
5	Is self-reliant	12	Is competitive especially against myself
6	Is opportunity oriented	13	Is creative
7	Is forward-thinking	14	Is willing to learn

Step-5: Conduct a de-briefing session by going through the statements one by one and asking students to individually present their respective rating and provide explanations and examples. Conclude this activity by reiterating the importance of these entrepreneurial characteristics and the need to develop them from a young age.



Activity (ST) 8.3	MY BUSINESS IDEA IS? میرا کاروباری خیال ہے؟								
Student Learning Objective	By the end of the session, learners will be able to: <ul style="list-style-type: none">Describe the process of starting a business, avoiding common pitfalls, and pitching ideas more effectively.Describe how they can apply entrepreneurial competencies in addressing problems in their class, school, home, and community.								
Subject/s	Urdu	C.Sc	Hist.	Math	Islamiat	Pak.S	Econ	Grade/s	6-12

Step-1: Ask students what an entrepreneur is. Share with students that an entrepreneur can be defined as a person who organizes and manages a business undertaking, assuming the risk for the sake of profit. An entrepreneur sees an opportunity. Makes a plan. Starts the business. Manages the business. Receives the profits.

Step-2: Next, ask the students if they could start their own business, what it would be, and why. Appreciate the students' responses, and inform them that in this activity you will take the first step in starting their business – generating an idea i.e., opportunity! You are required to present your business idea so get creative! You may offer an incentive or reward to the most creative business idea – inform the students of this reward.

Step-3: Have the students take out their notebooks to begin creating their business idea. Provide the following questions:

- My business idea is:
- Which need will my business fulfil?
- What good/ service will I provide?
- To whom will I sell?
- How will I sell my good/ service?
- How much will my business depend upon and impact the environment?

Step-4: Remind the students to get creative! Once students have returned with their business ideas, invite volunteers to share their ideas, and write a list on the board. Have the class evaluate the ideas and determine the most creative business idea as a group. Reward the student if an incentive or prize has been allocated for this activity.



Activity (ST) 8.4	FROM A DREAM TO REALITY (خواب سے تعبیر تک)								
Student Learning Objective	<p>By the end of the session, learners will be able to:</p> <ul style="list-style-type: none">Recognize the presence of entrepreneurs and their contributions to the economy.Describe the qualities of an entrepreneur, and assess their characteristics and skills as they relate to entrepreneurship including the 'can-do' attitude in the wake of all the adversities.								
Subject/s	Urdu	C.Sc	Hist.	Math	Islamiat	Pak.S	Econ	Grade/s	6-12

Step-1: Ask the students to list entrepreneurs around the school, in their family or neighbourhood. Note these names with businesses on the board.

Step-2: Tell the students that their task is to 'meet an entrepreneur' and interview them as follows, and bring the responses to class:

1. How did the entrepreneur come up with a business idea?
2. Does the business solve an unmet problem or need? Does it utilize existing resources or skills? E.g., skills to stitch, availability of a motorcycle lying around, computer skills.
3. When did the entrepreneur set up the business?
4. How much did the entrepreneur invest? Where did s/he find the money to buy the various resources you needed?
5. What are some significant business expenses?
6. Does the entrepreneur make a profit?
7. What risks or challenges does the entrepreneur face in the business?
8. What are some competencies that entrepreneurs must use in their business?
9. According to the entrepreneur, is a business better than doing a job?
10. Is the entrepreneur a job creator? How?

Variation: The alternate is to bring a nearby entrepreneur to the class and have the students interview them using the above questions.



Financial Planning

9

I. What is Financial Planning?

Financial planning is one of the key elements for financial empowerment and economic security of the people. Financial planning involves deciding the expenditures, putting aside money, getting credit, and creating assets. Effective financial planning requires mastering and applying two core principles: Making good economic trade-off decisions and understanding financial relationships.

Financial planning enables people to plan in advance their likely expenses keeping in mind their level of income. Thus, it helps people in two ways, one, they can save regularly a portion of their income for meeting future needs and two, they can cut down expenses on non-essential items with a view to save for future needs. So, people, especially young adults, should start learning and implementing financial planning today so that they are in a better position to effectively manage their money, pay off their debts, if any, and build savings to buy a house or finance higher education with their own money.

Budgeting is a tool for financial planning. A budget estimates revenue (inflows) and expenses (outflows) over a specified future period and is usually compiled and re-evaluated periodically. Budgets can be made for a person, a group of people, a business, a government, or just about anything else that makes and spends money.

A budget helps create financial stability. By tracking expenses and following a plan, a budget makes it easier to pay bills on time, build an emergency fund, and save for significant expenses such as a car or home. Overall, a budget puts a person on a firmer financial footing for both the day-to-day and the long term.

II. Key Messages About Financial Planning

Q-1

What is planning?

Planning is careful thinking before an action takes place. It allows us to peep into the future and decide in advance how to deal with the situations we will encounter in the future. It involves logical thinking, resource mobilization, and rational decision-making. Planning involves deciding beforehand what is to be done, when, how and who will do it.

Q-2

What is a cash flow?

Cash flow is a measure of how much money an individual, family or a business brought in or spent in total over a period of time. Cash flow includes;

- Cash inflow: Cash inflow means money coming into family or a business every month from different sources. Those sources include selling goods or services, loan disbursements, selling assets, remittances, gifts and salary etc.
- Cash outflow: Cash outflow means money going out of family or a business every month from the total income. This could be household expenses including education fee, utility bills, food bill etc., unexpected expenses such as expenses incurred due to death in the family, business expenses such as transportation & rent, loan repayments and money set aside for savings etc.



- Maintaining balance between cash inflows and cash outflows is important for effective money management.

Q-3

What is a budget?

A budget is a plan for spending money each month, a year or any other specified period. It overviews the inflow (income) and outflow (expenses) of money and what's left over.

Q-4

Why does budgeting matter?

Breaking a budget into categories can help children decide precisely what they want to spend money on.

Q-5

What does a budget consist of?

- A personal budget is an estimate of income from various sources, expenses and savings over time.
- A business budget is an estimate of income, expenses and profit or loss over time.
- Income could come from profit on savings at a bank, monthly salary and business etc. whereas expenses range from rent, utility bills, food expenses, clothing, transportation, education etc. Savings are what we are left with after deducting money for expenses from total monthly income.

Q-6

How do you make a household budget?

A budget is a fairly simple tool that anyone, rich or poor, can use to manage money. A budget serves as a master plan for the future. Budgets are a road map that can help you get from where you are now to a financial goal down the road. Steps to develop household budget and in extension individual budget are given below;

- Identify your financial goals
- Estimate amount of income by source
- List all expenses and estimated amount needed for them
- Ensure your expenses are not more than your income
- Decide how much you will save
- Review and adjust as needed

Q-7

How do you financially plan?

- Assess current financial position (Where are we today).
- Identify financial needs - [(What do we want to achieve in short term (1 Year), medium term (1-5 years) and long term (more than 5 years))]
- Estimate the cost of each item and the date we want to achieve it. Calculate how much we need to save each week/month.
- Maintain a financial diary - Write down weekly/monthly income and expenses.
- Curb expenses- spend sensibly.
- Review savings regularly, whether it is as per plan? If not, look at expenses for opportunity areas to cut back spending and increase savings.



- Determine the amount saved at the end of each week/month.
- Deposit savings in a bank account.

Q-8

What is book keeping?

Keeping records helps us manage our money and make better financial decisions. Records that should be maintained could include;

- Salary slips
- Bank Account Records (deposit receipts, statements)
- Loan documentation (terms of loan, repayment records)
- Insurance policies
- Asset ownership documents (e.g., for car, house etc.)
- Identification documents

Q-9

What are taxes?


Taxes fund public services we use every day: schools, roads, parks, libraries, and more. There are different kinds of taxes that are applicable on individuals and businesses that directly individuals, families and businesses financial planning. Some of the most common types of tax include;

- Income Tax: kind of direct tax applicable on the total income generated through jobs or businesses. Individuals or businesses have to pay certain percentage of tax on their taxable income according to taxation slabs developed by the government.
- General Sales Tax: GST is a kind of indirect tax levied by the Federal Government on commodities of daily use. At present, the standard sales tax rate in Pakistan is 17%.
- Property tax: direct tax levied on tangible assets such as cars, land or a commercial building by the government.

III. Learning Outcomes: By the end of the session, learners will be able to...

1. Recognize financial relationships amongst income, expenses, savings, investment, etc.
2. Describe the importance of budgeting as a tool for financial planning.
3. Recognize the need to increase income or reduce expenses to balance inflows and outflows and meet saving targets.
4. Describe the importance of having a spending plan, a saving plan, and a plan for investments.
5. Appreciate the importance of making financial trade-off decisions requiring discipline and delayed gratification.

IV. Repository of Activities for Students

Activity	IMPACT OF FINANCIAL DECISIONS									
(ST)9.1	(مالیاتی فیصلوں کے اثرات)									
Learning Outcome	By the end of the session, learners will be able to:									
	<ul style="list-style-type: none">• Recognize financial relationships amongst income, expenses, savings, investment, etc.• Recognize the need to increase income or reduce expenses to balance inflows and outflows and meet saving targets.• Describe the importance of negative anticipation or risk identification as part of the planning process.• Appreciate the importance of making financial trade-off decisions requiring discipline and delayed gratification.									
Subject/s	Urdu	C.Sc	Hist.	Math	Islamiat	Pak.S	Econ	Grade/s	6-12	


Step-1: Give the students a brief orientation of the key messages about financial planning. Tell the students that you will ask them a series of questions to check their financial planning and management skills.

Step-2: One by one, ask them the following questions, and obtain a response from them. Discuss the financial implication highlighted by each question and refer the students to discussions that may have occurred under other themes.

1. If your family spends money on an income-generating project (e.g., buying a sewing machine to stitch clothes for sale), what impact will that have on future income? (answer: it can potentially increase family income over time).
2. If my income remains the same, and I spend an extra Rs.500 monthly, what will be the effect? (answer: it may affect the savings goal; or lead to overspending leading to borrowing).
3. Your family wants to increase the amount of savings per month. What should it do? (answer: the family should increase income, reduce expenses, or both).
4. Your family has kept their savings under the mattress at home. How would you counsel them? (answer: find ways in which money can make money. One option is to keep the money in a savings account in an Islamic Bank that generates profits).
5. Your family wants to borrow money to invest in a motorcycle that your elder brother will use as Bikea. Will you support this decision? Why? (answer: if Bikea services are in demand, then yes, since he will make enough money to pay back the loan and generate an income).
6. Your family runs a business that is not making a profit. How would you assess what's going wrong? (Answer: analyze all records used for book-keeping)
7. Your family runs a business. What kind of tax must the business pay? Would the employees in the business have to pay a tax? (answer: yes and yes, both would have to pay an income tax).
8. You buy groceries at the supermarket. The total cost was Rs. 8000. What kind and how much tax do you have to pay, given a standard tax rate? (answer: calculation)

Step-3: Conclude the discussion by highlighting the importance of making financial trade-off decisions regularly. Tell the students to remember the 50-30-20 rule in life.



Activity (ST)9.2	BUDGETING FOR A SOCIAL CAUSE (بجٹ سازی بھلائی کے لیے)							
Learning Outcome	<p>By the end of the session, learners will be able to:</p> <ul style="list-style-type: none">Describe the importance of budgeting as a tool for financial planning.Recognize the need to increase income or reduce expenses to balance inflows and outflows and meet saving targets.Describe the importance of having a spending plan, a saving plan, and a plan for investments.							
Subject/s	Urdu	C.Sc	Hist.	Math	Islamiat	Pak.S	Econ	Grade/s 6-10

Step-1: Ask the students to describe planning. Tell them that planning involves careful thinking before taking action. It applies logical thinking, resource mobilization and rational decision-making. Planning involves deciding beforehand what is to be done, by when, how, and who will do it.

Step-2: Tell the students that once upon a time, there was a public area with no access to clean drinking water. There was a secondary school close to the site, where the teachers and students were aware of this issue. One day, the teachers and senior students decided to address the public's drinking water issue. Since no one else came forward, the school decided to manage this social issue. A 'safe drinking water committee' was formed to address this problem.

Step-3: Ask the students what was the first thing the Committee did. What is the first thing they would do? (answer: understand the problem better, identify the solution, and assess what it will cost). They had to find answers to the why, what, for whom, where, by whom, when, and how.

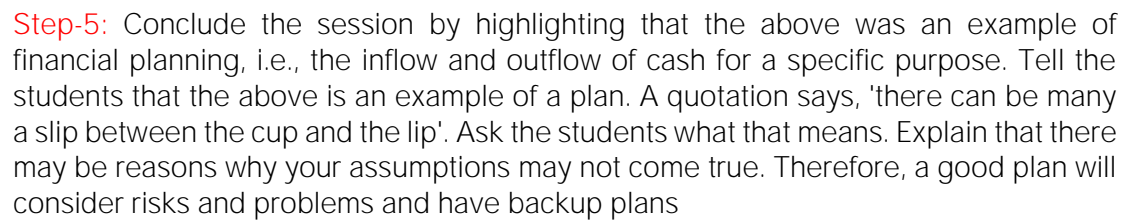
- Why, What, for Whom & Where: The Committee spoke to people in the area, and it was decided that a water cooler placed outside the school would benefit at least 100 people in the nearby markets every day.
- By Whom: The school would support the project through an appointed Committee.
- By When: The project will be implemented within six months.

The next step for the Committee was to determine the cost of the water cooler and its set-up. This was estimated at Rs. 125000.

Tell the students that the above details are critical in financial planning. The amount required is the goal or target.


Step-4: Tell the students that the next step was to determine how to collect the required amount, i.e., Rs. 125,000. For this, the Committee decided the following:

- Donation from the School Management Committee = Rs. 30,000
- Contribution from School Administration – Rs. 30,000
- School Fun Fair (products to be contributed by students) = Rs. 35,000
- Recycling (books, newspaper, bottles) = Rs. 13,000
- Contributions from New Admissions = Rs. 7,000
- Donations from students = Rs. 10,000



Integration of Financial Literacy into National Curriculum



Activity	POMPAK									
(ST)9.3	پام پیکی									
Learning Outcome	By the end of the session, learners will be able to:									
	<ul style="list-style-type: none">• Recognize financial relationships amongst income, expenses, savings, investment, etc.• Describe the importance of budgeting as a tool for financial planning.• Recognize the need to increase income or reduce expenses to balance inflows and outflows and meet saving targets.									
Subject/s	Urdu	C.Sc	Hist.	Math	Islamiat	Pak.S	Econ	Grade/s	6-10	

Step 1: As an instructor, play the Pompak game in advance in order to walk students through key features of the game (such as different age categories, storyline, features etc).

Step 2: Introduce students to the Pompak – Learn to Earn. Share with them that this is a fun mobile game developed by State Bank of Pakistan (SBP). The core intention of this mobile app is to upgrade the financial skills of an entire generation so they can create and manage their monetary assets prudently. The scope of the game is to teach players about saving money, frugal living choices, borrowing, ethical behavior, budgeting, and different financial tools offered by banks. Inform students that the game is customizable into three different age brackets:

- Children: Age 9-12
- Adolescent: 13-17
- Youth: 18-29.

The app's gameplay gets progressively more complex in the older age groups. If possible, demonstrate the game in class using a media outlet. Overcome one or two financial challenges in the game as a class and discuss the implications of your choices.


Step 3: Make gameplay more interesting for students by initiating a tournament. Each age group in the game has dozens of financial challenges in it. Make a chart on the board with one column containing student names and another column indicating challenges completed. Inform students that the winner of the tournament will be the person who completes the entire game first. Students may inform you of their progress daily and ask you to update their records on the board.

Step 4: indicate that a challenge is completed when students not only complete a challenge in the game but also include a write-up reflection of the challenge reflecting on the following questions:

1. What was I asked to do in this challenge?
2. What did I learn from this challenge (for example, the ____ rule of budgeting)
3. Which theme(s) in financial literacy was/were covered in this challenge?
4. Did this or will this challenge have any impact on my life? Why?

Step 5: As students work through the challenges, allow opportunities to debrief discuss their outcomes with them, either individually, as a class, or both.



Activity (ST)9. 4	SPEND, SAVE, OR GIVE خرچ کرنا، بچانا، دینا								
Learning Outcome	By the end of the session, learners will be able to: <ul style="list-style-type: none">Recognize financial relationships amongst income, expenses, savings, investment, etc.Recognize the need to increase income or reduce expenses to balance inflows and outflows and meet saving targets.Appreciate the importance of making financial trade-off decisions requiring discipline and delayed gratification.								
Subject/s	Urdu	C.Sc	Hist.	Math	Islamiat	Pak.S	Econ	Grade/s	6-10

Step 1: Ask students: **How many of you have a budget (“spending plan”)?** What types of things might be included in a spending plan?

Allow students to share answers. (Possible answers: earnings and various sources of income, spending on other things like mortgage or rent, clothing, entertainment; savings account(s); investing in stocks, bonds, or mutual funds; charitable giving in the form of monetary donations)

Step 2: Set up the classroom in three stations, with group handouts at each station: Station 1: Spend; Station 2: Save; Station 3: Give. If you are concerned about the number of students at each station, the stations can be doubled to make two sets of stations, or six stations total.

Step 3: Instruct students that, at each station, they will view a sheet that asks them to think about how they relate to the station. As they move to each station, they should talk about their answers with their station peers and/or record answers on a sheet of loose-leaf paper. Allow students 10-15 minutes at each station. Depending on the age group, you may limit the sheet to one or two key questions OR ask students develop one additional question related to spending, saving, or charitable giving that can be used by the next group to visit the station.

The question sheet is as follows:

SPENDING STATION

Q.1. Consider that some expenses are fixed (never change from month to month), and other expenses are variable (may change from month to month). Categorize the expenses below as either fixed or variable, Then prioritize the expenses based on personal priorities.

- Two-bedroom apartment rent: Rs. 40,000
- Phone bill: Rs. 5000
- Taking care of a pet: Rs. 4000
- Tv and Internet: Rs. 10000
- Groceries: Rs. 30000
- Going out to eat: Rs. 10000
- Entertainment (movies, travel etc.): Rs.15000
- Health insurance: Rs. 12000
- Newspaper subscription: Rs. 120
- Utilities: Rs. 7500



- Q.2. What other expenses might people have, aside from those listed above? Consider expenses for businesses as well. Are those expenses fixed or variable?
- Q.3. Of the variable expenses above, what could you do to decrease or increase your spending? What would your life be like if you increased or decreased spending?
- Q.4. Are fixed expenses fixed for the rest of your life?

GIVING STATION

- Q.1. What are the different ways that you can give back? (Hint: think beyond money)
- Q.2. What causes, organization, or parts of your community would you like to support or give back to?
- Q.3. How can you support one of the ideas you listed above?

SAVING STATION

- Q.1. What are your goals for saving money
- Q.2. What are some things you could do to save money?
- Q.3. Are there certain methods for saving money that are better than others? Why?

Step 4: When they return to their seats, provide students with the Personal Budget student handout. Also give them a monthly income that they can use to create their budgets. (Note: You may want to give everyone in class the same budget, say Rs. 20,000, or you may want to vary the monthly budgets that students can work with).

My Expenses

Expenses	Amount per Month
Total	

MY SPENDING

Money Remaining after expenses are deducted: _____

MY SAVINGS


How much of the remaining money do you plan to save? Explain your savings plan

MY GIVING

How much of the remaining money do you plan to give? Explain your giving plan.

Step 5: Using their responses to the station questions, students will fill out their Personal Budget student handout, factoring in expenses, savings, and giving decisions. (Note: You might help students brainstorm some of the possible items on the budget.) A possible student response sheet to the Personal Budget handout has been provided [make and add this]



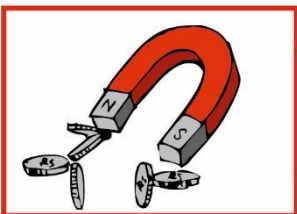
Activity	STAYING WITHIN A BUDGET									
(ST)9. 5	(بجٹ کی حد میں رہنا)									
Learning Outcome	<p>By the end of the session, learners will be able to:</p> <ul style="list-style-type: none">Recognize the need to increase income or reduce expenses to balance inflows and outflows, and meet saving targets.Appreciate the importance of making financial trade-off decisions requiring discipline and delayed gratification.									
Subject/s	Urdu	C.Sc	Hist.	Math	Islamiat	Pak.S	Econ	Grade/s	6-12	

Step-1: Tell the students that many must have had a chance to discuss the importance of a budget and how to make one. Congratulate them on this progress.

Step-2: Ask the students to tell you how many of them have stayed within their budget through a show of hands. Appreciate those who were able to stay within the budget. Ask the students how many have NOT been able to remain within their budget and why. Count the number of students who have faced challenges in staying within the budget and note them on the board.

Step-3: Now, ask those who faced challenges what were some reasons why they were not able to remain within their budget. Note these on the board. Some reasons may be an unexpected reduction in inflow; unexpected expenses, the temptation to buy something not listed on the budget; money lost or robbed, etc. Ask those who were able to remain within the budget how they managed. Did they not face similar problems?

Step-4: Conclude that it is not enough to make a budget. One must build the discipline to also remain within the budget. One of the most critical skills required to stay within the budget is the ability to say 'no' to others and to oneself. It is also essential to plan, identify, and take advantage of opportunities and resources that can reduce expenses.



Financing

10

I. What is Financing?

Financing means asking any financial institution (bank, credit union, finance company) or another person to lend you money that you promise to repay at some point in the future.

One can finance for business or personal reasons, which include making purchases, or investing. Financial institutions, such as banks, are in the business of providing capital to businesses, consumers, and investors to help them achieve their goals. The use of financing is vital in any economic system, as it allows individuals, families and businesses to purchase products out of their immediate reach.

Most Pakistanis will have to borrow money at some point in their lives. It may be using a credit card to borrow money for a short time. It may be installments of loan for a house that may take 25 years to repay. Borrowing money, and using debt, does not have to be a bad thing. It can help people in times of need or trouble, help them with large purchases and help them manage their monthly cash flow. However, borrowing money becomes a problem if you borrow too much – that is, more than you can afford. It's a problem if you borrow to where you can't do other things – or if you need to borrow to pay your regular monthly expenses. There are certain risks associated with borrowing, such as a loss of reputation and legal action against the borrower. Just like your own money, you have to stay in control of the money you borrow from others. This is why it is important for adolescents and young adults to learn about financing from early age as it will help them make better decisions regarding their financing needs and how they meet them.

It is important to know that there are two different types of financing: equity and debt. Equity financing is financing done through one's savings, one's business income or through selling one's assets. Debt financing, on the other hand, is carried out through loans provided by other individuals (such as money lenders) or entities (such as banks). A key difference between the two is that equity financing is done using one's own resources, whereas debt financing relies on the resources of others.

There can be certain terms associated with a loan, such as the profit rate, EMI etc. Different payment plans might also be available, such as the ability to return a loan in instalments. Nowadays, in addition to already existing informal sources of finances, there are a number of formal financing options available to people in Pakistan through banks, leasing companies etc. While more resources are available to those in search of a loan, it is still imperative for anyone looking to borrow to examine one's need, carefully assess the financing option, and analyze the terms and associated risks attached to that option.

II. Key Messages About Financing

Q-1

What is financing?

Financing is the process of providing funds for a person or business.



Q-2

What are the risks and rewards of financing:

It's a common practice in business that you take a risk and expect a reward. Some of the key risks associated with financing (particularly debt financing) are;

- Loss of Reputation: reputation can be tarnished if borrowers fail to return the loaned money.
- Legal Action: failure to repay loans may prompt legal action from the lender.

Common rewards associated with borrowing are;

- Opportunity: borrowing provides borrower with the opportunity to start business or fulfill other goals when they don't have enough financing.
- Safety: borrowing provides financial safety and security to borrowers in difficult situations when they lack funds.

Q-3

Why is it important to practice safe borrowing?

The risks that come with taking a loan should make you think carefully about when and how much to borrow. Loans can open new doors, but you need to know when taking a loan is a wise decision.

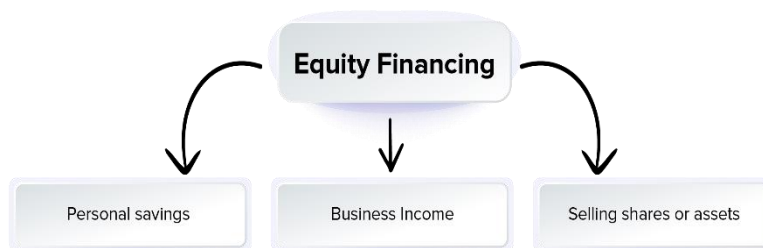
- Borrow for good reasons
- Compare for better mark-up rates
- Don't borrow more than you can repay
- Ensure timely repayment

Q-4

What are the two categories of financing?

A. Equity Financing

Equity financing is a method of meeting individual, or business finance needs through personal savings, income from business, and income from selling shares in a business or assets.



Selling assets can be a good or a bad strategy, depending on the type of asset being sold. Selling jewelry, for example, will not affect the future income of the family. Selling land or livestock, however, can seriously affect the family's livelihood. The main advantage of equity financing is that there is no obligation to repay the money acquired through it.

B. Debt Financing or Borrowing

Money borrowed from other individuals or institutions. This money often involves a payment for borrowing in the form of mark-up (particularly when borrowing from formal sources such as banks). It can also involve collateral, which means playing a valuable item with the lender until the time you are able to return your loan.



Q-5

What are the different loan terms?

Some important terms regarding a loan are as follows:

- Principal: This is the actual amount of money being borrowed, the principal amount
- Mark-Up: The extra amount that needs to be paid on top of a loan
- Mark-Up Rate: The rate at which mark-up is being charged on the loan. It is generally represented per annum (for example 8% p.a.)
- EMI: Easy Monthly Installment, i.e. The monthly payment to make on the loan
- Date of Repayment: The date by which the borrower agrees to repay the loan, principal along with the mark-up

Q-6

What are the four different types of loans?

Secured Loans: This is a loan which has been secured by some asset or property. Therefore, the borrower will pledge his assets against the loan. In case the borrower defaults on his loan, the bank will become the owner of such asset. It can sell the asset and recover the amount owed to them. A mortgage is one popular type of secured loan. Here some real estate is kept as collateral to borrow funds from the bank. If the borrower defaults, then the creditor will gain ownership of the property

Unsecured Loans: An unsecured loan is one in which the borrower does not keep any of his assets as collateral. These loans are always **riskier from the bank's point of view, but they are** an essential tool in the business world for short-term funds.

Some forms of an unsecured loan are:

- Line of credit (the amount of credit extended to a borrower)
- Overdraft facilities (the ability to withdraw money from a bank account, even if you do not have an account balance)
- Personal Loans
- Credit Card debt
- Peer to peer lendings

Demand Loan: These are typically short-term loans. They do not have a fixed term. This means that they are payable at demand. Whenever the lender demands, the borrower has to repay the loan. A demand loan also will not have a fixed rate of mark-up. The rates will fluctuate according to the prime lending rates prevalent in the market

Subsidized Loan: In a subsidized loan the rate of mark-up is subsidized. Which means the borrower is given the loan at a lower rate of mark-up than the going rate. The government is the one that provides the said subsidy.

These subsidized loans are generally given to students when they take loans for educational purposes. Some agricultural loans are also subsidized in Pakistan, to help farmers with growth. There are times when the entire mark-up amount may be subsidized.

Concessional Loan: A concessional loan is a loan made on more favourable terms than the borrower could obtain in the marketplace. The concessional terms may be one or more of the following: a lower mark-up rate below (the most common) deferred repayments, income-contingent repayments.

Commercial Loan: These are generally taken by business and companies for capital requirements or funding of operational costs. Commercial loans generally tend to be secured by some collateral assets. The amount of loan is also generally higher than personal loans.



Q-7

From whom can one borrow?

Individuals or businesses can borrow money from two source: informal or formal. Informal sources of finance are not regulated by the government money and often rely on a mutual verbal agreement between the lender and the borrowers. Informal sources include money lenders, banks, friends, co-workers, family members etc. Formal sources of financing are regulated by the government (predominantly the State Bank of Pakistan) and have formal processes in place before lending money. Some of the key differences between money lender and banks are:

	Money Lender	Bank
Loan Amount	Lend smaller loans	Lend larger loans
Approval Time	Shorter	Longer
Loan Rate	Higher	Lower
Legal structure	Can resort to physical violence when the loan is not returned	Employ legal routes to recover loaned money

Q-8

Does a loan have to be returned all at once?

Payment in installments: Depending on the agreement between the lender and the borrower, the loan amount must be repaid either at one time or in smaller amounts over a specified time (installments).

Q-9

What are some financing options available to people?


Individuals and businesses have many options in Pakistan today to obtain financing and invest their money. These options are provided by conventional and Islamic banks as well as by leasing companies, investment banks and other types of financial institutions and by government agencies. Listed below are some of the main financing and investment options available to individuals in Pakistan today.

- Credit cards: Banks issue credit cards, which may be used to make payments at shops, restaurants, etc. Usually, repayment is made on a monthly basis.
- Personal loans: Financial institutions provide personal loans to enable individuals to pay for many types of expenses (e.g., medical, education etc.)
- Home finance: Financial institutions provide financing to enable individuals to purchase or build homes.
- Vehicle finance: Financial institutions provide financing to enable individuals to purchase or lease automobiles or motorcycles.

Main financing and investment options available to businesses in Pakistan today are;

- Equipment & asset finance: Financial institutions provide financing to enable businesses to purchase or lease equipment and vehicles and purchase or build factories, offices and buildings.
- Operations finance: Financial institutions provide loans to enable businesses to pay for many types of business expenses (e.g., purchasing inventory etc.)
- Trade finance: Financial institutions provide financing to enable businesses to manage trade operations and the purchase and sale of goods.
- Agri-finance: Financial institutions provide financing to enable farmers to purchase equipment, seeds and fertilizers and manage farm operations.

IV. Repository of Activities for Students

Activity	TYPES OF LOANS						
(ST)10. 1	قرض کی اقسام						
Learning Outcome	<p>By the end of the session, learners will be able to:</p> <ul style="list-style-type: none"> Describe financing as a process of providing funds for various purposes. Recognize the principals of financing, such as loan repayment, differences between formal and informal sources of financing, and the importance of safe borrowing Recognize the risks and rewards associated with financing Appreciate the different financing options available in the world around them 						
Subject/s	Urdu	C.Sc	Hist.	Math	Islamiat	Pak.S	Econ
Grade/s	6-8						

Step 1: Inform students that you will be testing their knowledge on different types of loans through a series of questions. Let them know that this information will be useful if they ever decide to seek a loan. Either write the questions on the board, print and hand them to students, or read them aloud and ask students to write the answers on their notebooks.

Q1: What do we call a soft loan that is granted on very favourable terms to the borrower?

- a. **Concessional Loan** b. Subsidized loan
c. Personal Loan d. None of the above

Ans: The correct answer is A. A concessional loan has very compromising loan terms with respect to the rate of mark-up, grace periods for repayment, longer terms etc. Such loans are offered to developing countries by other countries or financial institutions.

Q2: The rate of mark-up in an unsecured loan is usually _____ than a secured loan.

- a. Lower b. **Higher**
c. Same d. None of the above

Ans: The answer is B. The rate of mark-up for an unsecured loan is always higher. The loan is not protected by any security or collateral. The risk that the bank bears, in this case, is much higher. If the borrower defaults, the bank has no way of recovery. So, the mark-up charged is higher to compensate for the higher risks.

Q3: What type of loan is a bank guarantee?


- a. Personal b. **Commercial**
c. Unsecured d. Secured

Q4: Demand loans are which of the following?

- a. Secured b. Unsecured
c. **Both** d. None of the above

Step 2: Discuss each question with students and guide them if they went wrong somewhere.



Activity	HAMEED'S FATHER						
(ST)10. 2	حمید کی ابا						
Learning Outcome	By the end of the session, learners will be able to: <ul style="list-style-type: none"> Describe financing as a process of providing funds for various purposes. Identify the two categories of financing Recognize the principals of financing, such as loan repayment, differences between formal and informal sources of financing, and the importance of safe borrowing Recognize the risks and rewards associated with financing Appreciate the different financing options available in the world around them 						
Subject/s	Urdu	C.Sc	Hist.	Math	Islamiat	Pak.S	Econ
Grade/s							6-9

Step 1: Ensure students recognize what financing means by asking students to define it. It is important to note that financing is the process of providing funds for business activities, making purchases, or investing.

Step 2: Now give students Hameed's example. Hameed has changed school and his new school is now farther than his previous school. Hameed's father needs to buy a motorcycle to help Hameed get to his school. He wants to buy it within the next three months because he is worried the price of the motorcycle will rise after that time. An ordinary motorcycle costs Rs. 80,000, and a branded motorcycle costs Rs. 110,000. His father's income is Rs. 20,000 per month and he has Rs. 40,000 saved. His family owns a plot of land with livestock (a cow, three goats, and five chickens) worth Rs. 150,000

Ask students to consider the two types of financing options available to Hameed's father have in order to buy the motorcycle?

First, students must consider the equity financing options Hameed's father has. For example, he can dig into his savings, sell his assets etc. Is this a good idea? Why or why not?


Step 3: Next, Hameed's father has options to borrow or debt finance. How does borrowing compare to equity financing? What are the pros and cons? What debt financing options are available to Hameed's father? (answer: Personal loan and vehicle financing). What are some things he needs to consider before financing in this way? (Reflect on the conditions of safe borrowing. Where is he borrowing from? What is the mark-up rate? Is an instalment plan available?)

In terms of debt financing, Hameed's father knows someone who lends money. He does so at a leasing rate of 10%. Any agreement is done verbally, and the money is given immediately. What type of financing is this? (Financing from a money lender)

Hameed's father can also go to the bank for a loan. The mark-up rate at the bank is 8%, and it will take two weeks to approve the loan.

Step 4: Ask students, will Hameed's father be able to buy a motorcycle in the required time with either option? Which option is better? How much would Hameed's father have to repay in either case (considering the lease amount)? Can Hameed's father buy either kind of motorcycle this way?



Activity	ETHICAL CONSIDERATIONS									
(ST)10. 3	اخلاقی ہدایات									
Learning Outcome	By the end of the session, learners will be able to: <ul style="list-style-type: none">• Describe financing as a process of providing funds for various purposes• Recognize the risks and rewards associated with financing• Appreciate the different financing options available in the world around them									
Subject/s	Urdu	C.Sc	Hist.	Math	Islamiat	Pak.S	Econ	Grade/s	6-9	

Step 1: Provide students with the following scenario and guide the subsequent discussion.

Kulsum's mother usually packs a lunch for her to take to school; however, today she gave Kulsum Rs.100 for her to buy lunch from the school cafeteria. This was a special treat, because Kulsum's family doesn't have much extra money. Kulsum doesn't get an allowance, but her parents try to give her treats from time to time. As Kulsum moved through the lunch line, she noticed that the school offers baked treats for an additional price. Kulsum knows she has only enough money to pay for lunch, but she **can't take** her eyes off the giant Jalebi. Her friend Rehana always has extra money and may spend it as she pleases. Sometimes, she gives it to her friends on the playground; she often she loses it. Kulsum considers borrowing from Rehana, but she doesn't know when her parents would be able to give her the money to pay Rehana back; sometimes they have extra money, and sometimes they don't. Should Kulsum ask Rehana to borrow money for a cookie? Why or why not? Explain the ethical considerations.

Some things to consider while brainstorming:


- One should not promote spending beyond one's means if one hopes to inculcate discipline in spending (the additional baked treat was a want Kulsum had. She could have done without it).
- Kulsum was unsure if she could repay the loan. A loan is a serious obligation that must be repaid. It should not be taken out lightly or with uncertainty.

Step 2: Provide students with the following scenario and guide the subsequent discussion.

Mudasir has an after-school job working at a fast-food restaurant. He works three days during the week and one weekend day. He loves having extra money to spend on video games and CDs. He usually has extra money left over from his paychecks, which he keeps in savings. He is not saving the money for anything in particular, but he knows that as he gets older, he will need to support himself.

His little brother Ahmed gets an allowance, but it spends it pretty quickly. This week Ahmed spent his entire allowance at the movie theater. He wanted to have fun, but now, he had no money until the next allowance day. He already had to borrow money three times this week to buy snacks. He owes both his brothers Rs.300, and he owes his sister Rs.200. Today, he says he has to buy a notebook for school. He wants to borrow Rs.150 from Mudasir to buy the notebook he needs for a science lesson that



Activity (ST)10. 4	WELCOME A LOAN OFFICER بینکر کو خوش آمدید								
Learning Outcome	<p>By the end of the session, learners will be able to:</p> <ul style="list-style-type: none">• Describe financing as a process of providing funds for various purposes.• Identify the two categories of financing• Recognize the principals of financing, such as loan repayment, differences between formal and informal sources of financing, and the importance of safe borrowing• Recognize the risks and rewards associated with financing• Appreciate the different financing options available in the world around them								
									
Subject/s	Urdu	C.Sc	Hist.	Math	Islamiat	Pak.S	Econ	Grade/s	8-12

Step 1: Visit a bank close to your school and ask the bank loan officer to visit the school and deliver a 60-minute session for students in grades 8-12: what are the different aspects of financing? Encourage the loan officer to bring materials (such as forms) that might be required when taking out a loan. Share this session plan with the loan officer to give a sense of the information already shared with students on financing. Ask students to prepare questions ahead of the session, in order to question the loan officer. The session should cover, at a minimum, the following:

1. Are students eligible for a loan?
2. What is the process of taking out a loan from this bank?
3. What are some things students (or their families) need to keep in mind when taking out a loan? What should students be careful of?
4. Ask the loan officer to walk through the different loan terms involved in taking out a loan, preferably with examples.
5. What is the minimum or maximum loan offered by the bank? How long does it take to have a loan approved? What is the mark-up rate associated with the loan? What legal framework does this bank follow in order to ensure the loan is returned?
6. What types of financing options does this bank offer? For those that it does not offer, can the loan officer suggest alternative options
7. Does the bank offer an instalment plan?
8. What are some of the most common reasons a loan is taken out in Pakistan? (Dowry (illegal), jewelry, buying land)
9. What messages can students take home regarding financing?
10. What role does financing play in Pakistani society? What role will it play in the future?

Step 2: Have students write an essay on the topic "Financing"



I. What is Insurance?

Insurance is an arrangement by which a company or the state undertakes to provide a guarantee of compensation for specified loss, damage, illness, or death in return for payment of a set premium. Insurance is a means of protection from financial loss. It is a financial tool or a form of risk management, primarily used to hedge against a contingent or uncertain loss risk. An entity which provides insurance is known as an insurer, an insurance company, an insurance carrier or an underwriter. Most people think insurance is an unnecessary expense. They feel confident about their future and their ability to tackle unforeseen circumstances. However, there can be a vast difference between our perceived ability and reality. For instance, a few years of savings can vanish in a medical emergency.

Here are three reasons why getting insurance is essential:

1. Insurance ensures the family's financial stability

No matter how much you have managed to save or what your monthly income is, an unexpected event can burn a massive hole in your pocket or can simply jeopardize your family's financial future. For example, if you do not have adequate life insurance, your family might go through financial hardship if you meet with an untimely death. Though no money can replace the loss of loved ones, having life insurance would save them from financial hardship. Meanwhile, substantial medical bills during any treatment can thoroughly shake your finances if you or your family do not have enough health insurance. So, you must cover yourself and your family with adequate insurance.

2. Insurance brings peace of mind

The premium you pay to the insurance company is the price that guarantees that the insurance company will cover the damage in case of an unforeseen event. And, that guarantee that your risk is covered brings peace of mind. For example, let's suppose you die an untimely death at a time when you still have several milestones to achieve like children's education, their marriage, a retirement package for your spouse, etc. Also, let us say there is debt as a housing loan. Your untimely demise can put your family in a hand-to-mouth situation. But, if you buy term insurance considering all these factors, your family would be able to sail through the hard times.

3. Insurance reduces stress during difficult times

No matter how hard you try to improve your life, an unforeseen event can turn things upside down, leaving you physically, emotionally and financially strained. Having adequate insurance helps because you don't have to think about money during such a hard time and can focus on recovery. For example, suppose there is an earthquake and your house and car are destroyed. Having housing and vehicle insurance saves you the worries and stress of arranging money.

The bottom line is that insurance is an essential part of financial planning. It can save you from financial hardship in case of any unforeseen circumstances. However, buying insurance should be determined by three factors – requirement, the benefits you get from the policy, and your ability to pay the premium.



II. Key Messages About Insurance?

Q-1

What is Insurance?

Insurance is a way to manage your risk when you buy insurance, your purchase protection against unexpected financial losses.

Q-2

What are key insurance terms & terminologies?

- **Policy:** The insurance policy is a contract between the policyholder and the insurance company. The policyholder pays a premium fee. In exchange, the insurance company agrees to pay them a certain amount if the event they are insuring against is covered and happens during the policy term.
- **Premium:** Premium is the money the policyholder pays periodically for insurance coverage, reflecting an expectation of loss. Premiums usually inversely correlate with the amount of the deductible in a policy. The higher the deductible, the lower the premium will be, and vice versa.
- **Deductibles:** Deductible means what is paid by the policyholder and is usually a portion of the insured loss. Your goal is to decide if you could tolerate a high deductible or if you would need a low to zero deductible.
- **Term insurance:** Term insurance is a form of life insurance payable only if the insured's death occurs within a specified time or before a specified age.

Q-3

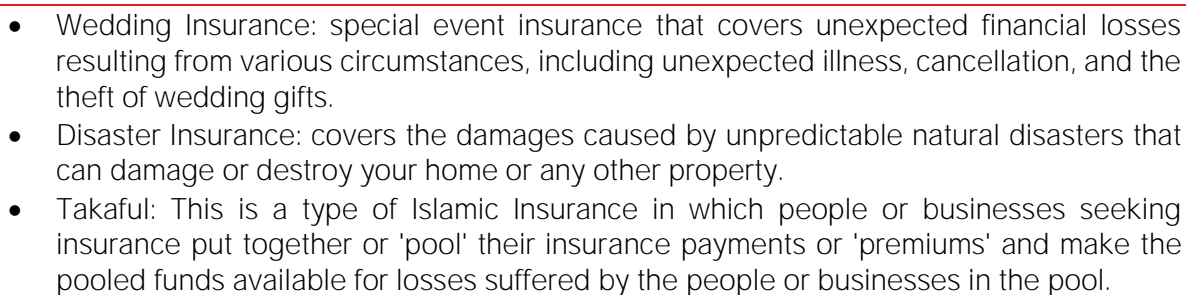
How does Insurance Work?

Insurance companies work based on the pooling of risks. Many individuals agree to pay certain sums of money called premiums to create a pool of money, which is then used to pay the losses of the few caused by events such as fire, accident, illness, or death. For example, many people who wish to get life insurance will pay their premiums into a pool. Of course, not all will suffer from the loss simultaneously. The details of insurance protection, such as exactly which events are covered and for how much, is defined in the insurance policy.

Q-4

What are the different types of insurance?

- **Life Insurance:** protects the policyholder in the event of death. Upon the death of the insured person, their family will receive money. The amount of money depends on the type of life insurance and the terms of the policy.
- **Health Insurance:** covers medical expenses such as doctor's fees, hospital visits, and medication.
- **Property Insurance:** protects against most risks to property, such as fire, theft, damage caused by natural disasters such as floods, earthquakes etc.
- **Automobile insurance:** protects our vehicle from theft or damage and protects our passengers and us against injury caused by accident.
- **Livestock Insurance:** asset insurance that protects the household from the risks arising from the death or diseases of livestock.
- **Agriculture/Crop insurance:** protects farmers & other value chain actors against the financial losses inflicted due to damage & destruction of the crops & livestock resulting from diseases, pests, excessive rainfall, and various other production risks.
- **Travel Insurance:** covers the costs and losses associated with unexpected events.




What is the difference between saving, credit & insurance?

- Savings is putting money aside in small amounts at intervals to fulfil a future need.
- Credit is about making an upfront expenditure and then paying money in small amounts later with mark-up.
- Insurance is about setting aside money for premium payments to meet the risks and compensate for the uncertain loss.

1. Describe and explain the key terms and terminologies related to insurance.
2. Describe the importance of insurance and how it can protect a person or business.
3. Describe the types of insurance and the difference between insurance, credit and savings.

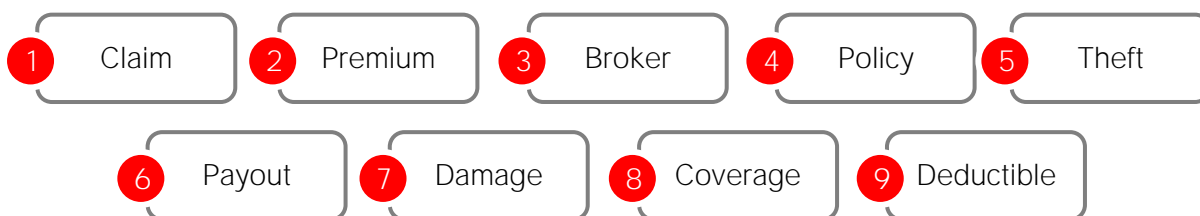
Integration of Financial Literacy into National Curriculum

IV. Repository of Activities for Students

Activity (ST) 11.1	COST TO REPLACE MY THINGS? متبادل کی لاگت									
Learner Outcome	By the end of the session, learners will be able to: <ul style="list-style-type: none"> Describe and explain the key terms and terminologies related to insurance. 									
Subject/s	Urdu	C.Sc	Hist.	Math	Islamiat	Pak.S	Econ	Grade/s	6-9	

Step-1: Inform students that in this activity they will become familiar with useful terms for talking about insurance. This vocabulary will come in handy if and when you choose to apply for any kind of insurance.

Step-2: Write on the board the following nine terms. Ask the students to write the same in their notebook.




Step-3: Now read out, one by one, the following nine statements, and ask the students to match each statement with a term:

- a document detailing the terms and conditions of an insurance contract (4)
- a large payment of money as compensation (6)
- an amount to be paid for an insurance contract (2)
- a person who sells insurance from different insurance companies and earns a commission (3)
- a demand for money from an insurance company (1)
- physical harm to something, which reduces its value or usefulness (7)
- the protection provided against risks (8)
- the action or crime of stealing (5)
- the amount you have to pay out-of-pocket for expenses before the insurance company covers the remaining costs (9)

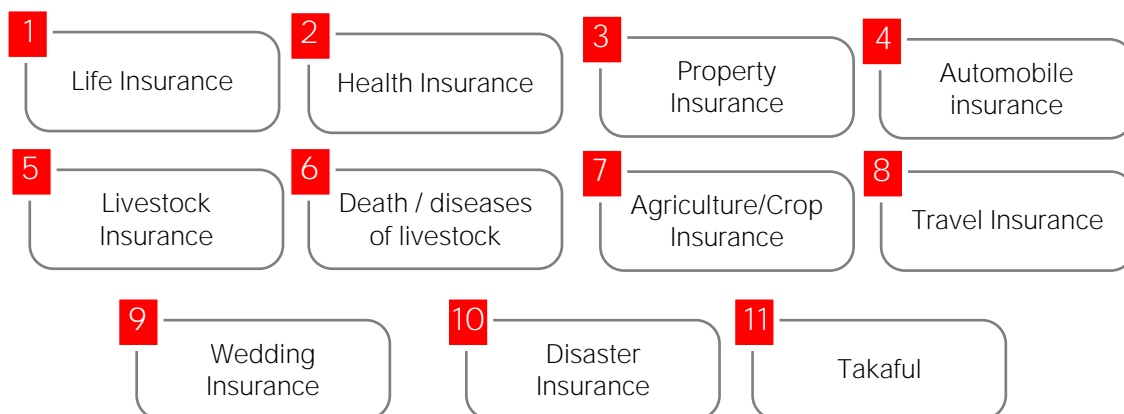
Step-4: Once students complete the word-matching activity, go through each term and its associated statement. Ask students to correct their word match as you go along; additionally, you may inform students of a future quiz on these terms.



Activity (ST) 11.2	TYPES OF INSURANCE							
Learner Outcome	By the end of the session, learners will be able to: <ul style="list-style-type: none"> • Explain the key terms and terminologies related to insurance. • Describe the importance of insurance and how it can protect a person or business. • Describe the types of insurance and the difference between insurance, credit and savings. 							
Subject/s	Urdu	C.Sc	Hist.	Math	Islamiat	Pak.S	Econ	Grade/s 9-12

Step-1: Inform students that risk management is an essential area of your financial planning for the future. A vital tool in doing so is 'Insurance'. Invite students to respond to what they think insurance is. Elicit that insurance protects against a threat to your financial future and can provide protection for many things such as your car, your home, your assets, and your health.

Step-2: Refer to the content on 'Insurance, and provide students with definitions of the following types of insurance:



Step-3: Divide the students into groups ensuring that all groups have approximately the same number of students. Instruct the groups that they will now develop a group project where the task is to create and teach a 5-minute introductory lesson on an assigned type of insurance. This will require some research, and the group would be assessed on its effectiveness, clarity of information and overall creativity. Tell the groups that their presentations should include (but not be limited to):

- What is this type of insurance?
- Who needs this type of insurance? Why?
- What options are there when choosing this type of insurance?
- What does this insurance cover?
- Approximately how much does this insurance coverage cost?
- Examples/Stories

Step-4: Give groups an allotted time to complete their project and inform them of the delivery date. On the day of presentations, have the groups present one-by-one, reiterating the essential messages for each type of insurance, and have a brief plenary discussion with the rest of the class.



Activity (ST) 11.3	INSURANCE: IS IT WORTH IT? انشورنس-کیا یہ صحیح ہے							
Learner Outcome	By the end of the session, learners will be able to: <ul style="list-style-type: none">Describe the importance of insurance and how it can protect a person or business.							
Subject/s	Urdu	C.Sc	Hist.	Math	Islamiat	Pak.S	Econ	Grade/s 7-11

Step-1: Inform students that today's activity will introduce them to Talha, a young fellow who has just started working at large and reputable food and beverage conglomerate. In the story, you will analyze Talha's experience with his new employer's health insurance policy, review and calculate the cost of Talha's injury, and assess if Talha's medical insurance through his employer was worth it.

Step-2: Share Talha's story: Talha is a recent college graduate who has just started working at one of Pakistan's largest and highly reputed food and beverage conglomerates. During his onboarding, he was informed of a health insurance policy that he was required to purchase as an employee of this company. The insurance premium would be deducted in monthly instalments from his salary. Since Talha was a recent graduate and this was his first job, he was reluctant to pay for this insurance as it would mean less money in his pocket at the end of the month. However, he was told that it was mandatory to purchase the insurance policy or else he would not be given employment. His insurance plan was as follows:

- A policy for a single employee is Rs. 120,000/year.
- 100% of hospital charges for inpatient care are covered.
- 75% co-payment for physician bills and outpatient care.
- 50% ambulance cost covered

One day, when Talha was riding to work, he was rear-ended by a motorist and badly hurt. Talha was taken to the hospital by ambulance and had to have surgery. Thankfully, Talha could make a full recovery in a few weeks and was happy to be back at work. Here is a summary of Talha's medical bills:


- | | |
|---|---|
| • Ambulance (Rs. 1,200) | • Dr Uzma Bano (Anesthesiologist) (Rs. 5,900) |
| • Hospital inpatient (Rs. 40,400) | • Dr Ahmed Qazmi (Emergency Room) (Rs 2,450) |
| • Dr Pervaiz Hashmi (Surgeon) (Rs. 7,500) | • Outpatient Care (Rs. 2,700) |
| • Dr Iftikhar Malik (Radiology) (Rs. 3,650) | |

Step-3: Tell the students to review and calculate Talha's cost of injury and assess whether it was worthwhile for Talha to have medical insurance through his employer. Write some of the critical information on the board and ask students to respond to the following questions:

- What is the monthly premium cost of Talha's Insurance?
- What are the total medical charges for Talha's injury?
- What was Talha's share of the medical bills?
- Was it worth it for Talha to have medical insurance?

In consultation with the students conclude whether it was worthwhile for Talha to have insurance.



Activity (ST) 11.4	DEBATE: IS INSURANCE NECESSARY? مکالمہ: کیا انشورنس ضروری ہے							
Learner Outcome	By the end of the session, learners will be able to: <ul style="list-style-type: none">Explain the key terms and terminologies related to insurance.Describe the importance of insurance and how it can protect a person or business.							
Subject/s	Urdu	C.Sc	Hist.	Math	Islamiat	Pak.S	Econ	Grade/s 6-10

Step-1: One week before the session, ask the students to research to develop a 2–3-minute speech on "Is insurance necessary?" Divide students into groups of four to five. Each group must research, discuss and write an outline on the topic. Group members must select one member who will deliver the speech to the class on behalf of the group. As they explore this topic, tell the students that there is no right or wrong stance. Provide guidelines for students to use during their discussion and the information provided in the content. The guidelines will be available to both groups (those for and against). Inform students that they meant to guide the discussion and help them form their arguments. Students may refer to one or two guiding points to aid their discussion.

Step-2: Give some tips to those who want to speak on behalf of insurance. They can highlight that insurance is an intangible that provides another intangible, i.e., peace of mind. Business owners can take on certain business ventures because they can shift the risk — thanks to insurance. Ask the students to talk to family, friends, and those who have accessed insurance to draw upon personal experiences. The groups can also highlight insurance benefits, i.e., protection for you and your family, reduction of stress during difficult times, enjoying financial security, and leaving behind a legacy in money and inheritance.

Step-3: Give some tips to those who want to speak against insurance. They may point out why I should protect myself from an unforeseen risk when Allah is always there to protect me. Also, insurance plans can be expensive and unaffordable for many who need them most. For example, insurance companies usually charge 2-3% of the total car cost from people who buy car coverage in Pakistan. Ask them also to meet people who have or do not have insurance.

Step-4: Give students 3-4 minutes each to deliver their speech on the day of the debate. Encourage other students to take note of points they found interesting during another group's speech. At the end of the activity, discuss the current state of Insurance in Pakistan, and ask students to think of and list some of the key insurance companies. Tell them if insurance rates are the same across different companies. Since insurance is primarily a private venture, do other companies offer different rates?

Conclude the session by assigning a take-home activity. Ask students to write an essay defending the opposing position (if they were for insurance today, write an essay against it - and vice versa for those who were against it). Students may use points from the speeches today or conduct their research.

School Action Plan

Annex-1

Integration of Financial Literacy into National Curriculum – Secondary Level

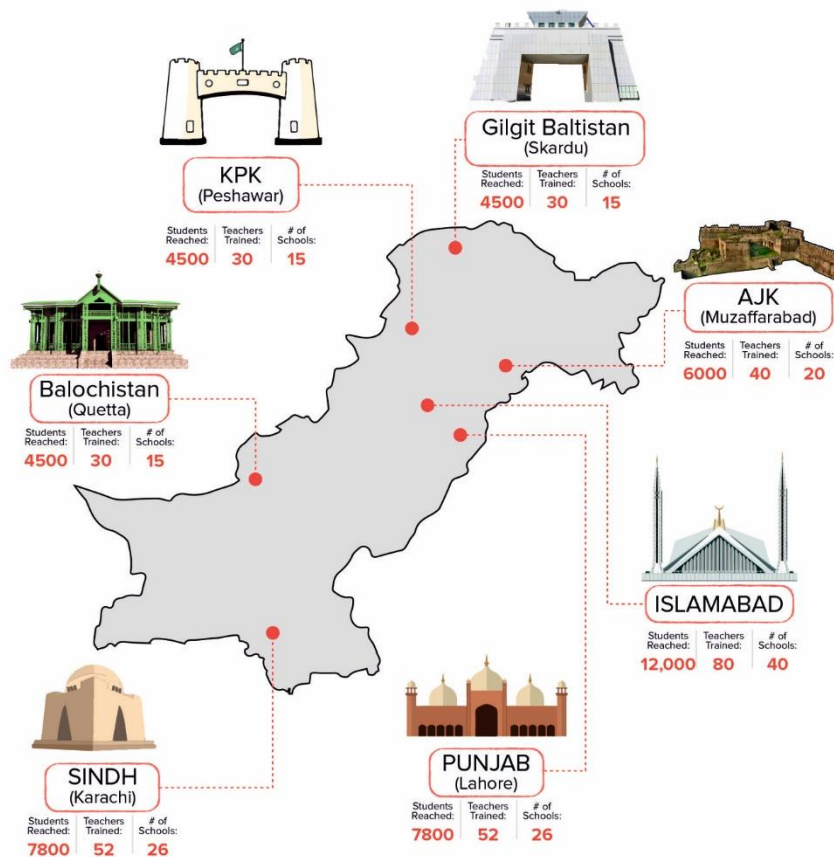
Name of Teacher:		School:				Mobile #		Area/City												
1	2	3							4	5										
Grade	Section	Subjects						Student Coverage	Themes											
		Comp. Sec.	Econ.	History	Islamiat	Math	Pak Study		Urdu	1	2	3	4	5	6	7	8	9	10	11
6									Student Coverage											Insurance
7																				Financing
8																				Financial Planning
9																				Entrepreneurship
10																				Investment
11																				Inflation
12																				Banking
																				Savings
																				Purchasing
																				Expenses
																				Income
Total Number of Students Covered																				



- Column-1: Mark the grade(s) that you will reach out to
- Column-2: Identify the number of sections that you will cover per grade
- Column-3: Mark the subjects that you will teach to these grades and sections (for example, you teach Urdu and Islamiyat to grade 5, section 1 and 2)
- Column-4: Estimate the number of students you will reach out to in these grades and sections
For example, imagine you are a teacher who teaches grade 1 and grade 2 and covers two sections per grade. Each section has 30 students. Therefore, in grade 1, you will cover 60 students (section 1 + section 2) and you will also cover 60 students in grade 2 (section 1 + section 2).
- Column-5: Mark which themes are most relevant for the grades and sections you have identified
For example, in grade 1, you find money, income, and expenses most relevant but find all themes relevant to teach in grade 2
- Note: Total Number of Students covered per teacher should be 150 or more

As part of the State Bank's 'National Financial Literacy Programme for Youth (NFLP-Y)', Pakistan Alliance for Early Childhood (PAFEC) won a project to develop a curriculum for Financial Literacy and to integrate it into the National Curriculum at the Secondary Level (Grades 6-12). PAFEC signed a contract with the National Institute of Banking and Finance (NIBAF) – a subsidiary of the State Bank - in February 2022 in order to implement this project.

In addition to integrating Financial Literacy into the national curriculum, an essential deliverable of the project was to train 304 teachers, from 132 schools, at the Primary level on basic concepts of financial literacy, who in turn will educate around 45000 students across the country. The bifurcation of targets per province for this intervention is as follows:



PAFEC is currently executing this project through its technical team, which comprises competent technical individuals with vast experience in developing educational policies, curricula, and capacity building for practitioners in the field of education. Given the team's extensive knowledge in this sector, PAFEC and NIBAF will successfully achieve the project's targets, ultimately enhancing the Pakistani children and youth's knowledge, skills and attitudes regarding financial planning and management.



PAKISTAN ALLIANCE FOR EARLY CHILDHOOD

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