

Module 1.3 Financial education

Learning objectives:

1. Different uses of money
2. Proper ways and attitudes to manage money
3. Responsibilities when borrowing money
4. Understanding financial services
5. Right attitudes towards investment
6. Precautions about online shopping
7. Green consumption

Chapter 1 Wise money management

A Various uses of money

Keywords:

1. credit card 信用卡

It is a type of _____ payment method. Cardholders can make purchases without paying cash immediately. They are only required to pay the bill on the due date.

2. Octopus 八達通

It is a widely-used electronic payment system in Hong Kong.

3. electronic currency 電子貨幣

It is a payment system using _____ instead of cash during transactions.

4. interest 利息

It is the _____ that a capital owner receives from a borrower for lending out their funds.

Values:

- Rationality
- Self-discipline
- Simplicity
- Responsibility

What is money

✓ Money is a tool to _____ the value of goods and services, as well

as a medium of item _____.

Primary uses of money

- ✓ **Consumption:** Spending money to _____ goods or services.
- ✓ **Saving:** Reserving and accumulating money for future needs.
- ✓ **Investment:** To put money into things that can _____.
- ✓ **Donation:** To give our own money to people in need.

B Principles for using money

Keywords:

1. over-consumption 過度消費

It refers to consumption that _____ the economic capacity of individuals or society. This consumption pattern can lead to debt problems, resource waste, environmental pollution, and other issues for individuals or the entire economic system, which is not conducive to _____.

Values:

- Rationality
- Simplicity
- Self-discipline

Distinguishing between "needs" and "wants"

- ✓ **Needs:** Basic necessities of _____.
- ✓ **Wants:** Things we _____.
- ✓ We should prioritise our spending based on _____, and allocate our money to essential items before spending on non-essential ones.

Spending based on income

- ✓ Organise expenses according to _____.

Using money when necessary

- ✓ Make good use of our financial resources.

Developing a habit of saving

- ✓ _____ first and _____ later.
- ✓ Think about what we really need, how much we can _____, what benefits the spending will bring, and the _____ of shopping.

C Borrowing

Keywords:

1. lender 放債人

It is the person who _____ money to others.

2. borrower 欠債人

It is the person who _____ money from others.

3. principal 本金

It is the _____ amount of money used for a loan or deposit before interest calculation.

4. interest rate 利率

It is the ratio of return that the lender receives on their money. This is usually calculated as a _____ of the principal amount per year.

5. guarantor 擔保人

It is the assurer of loans. If the borrower cannot repay the loan on time, the guarantor is _____ for repaying it according to the contract.

Values:

- Self-discipline
- Rationality
- Prudence

Definition of borrowing

- ✓ The lender temporarily giving the right to _____ to the borrower.
- ✓ The borrower is allowed to _____ the lender's money _____, while the lender can get _____ money (principal and interest) after a period of time as compensation.

Risks of borrowing

- ✓ **Paying high interest:** the borrower has to pay both the principal and _____ to the lender as compensation.
- ✓ **Bearing a lot of stress:** As debts and interest _____, borrowers may become _____, and their relationships and social life will also be affected.
- ✓ **Failing to repay debt:** Possible consequences are: _____ being seised or sold. Causing trouble to the guarantor. Accumulating more debt. Going _____.

A proper attitude towards borrowing

- ✓ Young people should avoid borrowing.
- ✓ Review whether the expenditure is _____ before deciding to borrow.
- ✓ Cultivate the habit of _____ in our daily lives enables us to achieve goals that require significant expenses

D General financial services provided by banks and other financial institutions

Keywords:

1. bank 銀行

Banks are financial institutions that act as a _____ and engage in deposits, loans and other services.

2. credit limit 信貸額

It is the _____ amount of money that a credit card holder can spend. When approving a credit card application, the card issuer will grant a credit limit based on income and _____ of the applicant.

3. bond 債券

Bonds are certificates issued by governments, financial institutions, and corporations to _____ from _____. They promise to pay _____ at a fixed rate and to repay the principal to bondholders at maturity.

4. stock 股票

Stock refers to certificates issued by companies when they raise capital from _____. It is used to prove their _____ of the

capital and the company.

Values:

- Self-discipline
- Rationality
- Prudence
- Responsibility
- Simplicity

Deposits

- ✓ Banks allow us to deposit our money for _____, and _____ it when needed.

Insurance

- ✓ Insurance is a means of _____.
- ✓ Those who buy insurance pay _____ to the insurance company. In return, the insurance company will provide compensation to the beneficiaries according to the terms and conditions when an unfortunate event occurs.
- ✓ It is necessary to review _____ and understand one's own needs before buying.

Loan services

- ✓ Loan services include credit card loans, _____ purchase and mortgage.

Investment

- ✓ Financial products include savings and fixed deposits, currency deposits, bonds and _____.
- ✓ _____ and _____ are relative in investment. We should have a good understanding of the financial products we are purchasing, carefully balancing risk and return.
- ✓ Seeking returns through _____ way is essential, and we should refuse to participate in any _____.

Chapter 2 Be cautious when shopping online

A What is online shopping

Values:

- Rationality
- Simplicity
- Prudence
- Law-abidingness

Online shopping

- ✓ Consumers can buy goods or services directly from sellers over the internet, without being restricted by _____ or _____.

B Potential risks of online shopping

Values:

- Prudence
- Law-abidingness

Causing overspending

- ✓ Online shopping is easy and fast. Consumers may make purchases without careful consideration.
- ✓ Online shopping mostly involves payment by credit card, consumers often _____ without knowing it.
- ✓ Some electronic wallets are now linked to bank accounts, worsening issues such as _____ and _____.

Receiving mismatched products

- ✓ Since consumers cannot be sure about the _____, they may receive fake and pirated goods that do not match their description.

Failing to receive paid goods

- ✓ Scammers can use online shopping to trick people.

Personal data being overly collected or misused

- ✓ It can invade consumers' _____ and even lead to sensitive data _____.

Insecurity in online payment

- ✓ Customers' sensitive information may be exposed online or _____ by others.

C Precautions about online shopping

Keywords:

1. two-factor authentication 雙重驗證

It is a _____ measure that verifies a user's identity by using two or more authenticated pieces of information, such as a phone number and an email address. This is widely used in online banking for high-risk online transactions.

Values:

- Responsibility
- Self-discipline
- Prudence
- Law-abidingness

Adopting a careful attitude

- ✓ Consider our needs and _____ before making a purchase.
- ✓ Gather enough information about stores and products we are interested in.

Respecting intellectual property rights

- ✓ Intellectual property rights refer to a group of intangible _____, including trademarks, patent rights and _____.
- ✓ Infringing intellectual property rights is both inappropriate and _____, as it undermines the rights of creators.

Raising awareness of cybersecurity

- ✓ **Protecting personal data:** To protect our privacy when shopping online, we should not easily give out any information.
- ✓ **Shopping with credible online stores:** Before making a transaction, we should verify the _____ and _____ to confirm that it is credible and authentic.
- ✓ **Using secure payment methods:** We should make online transactions through a trading system with _____ or through a reliable intermediary platform. We should also avoid paying via direct deposit or giving out credit card details on different websites

Chapter 3 Green consumption

A Meaning of green consumption

Values:

- Simplicity
- Cherishment
- Care for the environment
- Common good
- Sustainable development

Impacts of over-consumption

- ✓ Over-consumption can lead to waste.
- ✓ _____ is worsened during the production and use of goods which often consume a large amount of energy.
- ✓ More pollutants from continuous production and consumption are harming the nature and _____.

Definition and importance of green consumption

- ✓ **Definition:** environmentally-friendly, economical and _____ consumption. Consumers should choose products that cause less harm to the environment or are beneficial for _____.
- ✓ **Importance:** Green consumption helps reduce waste and environmental damage,

as well as encourages businesses to engage in _____.

B Practising green consumption

Keywords:

1. energy efficiency label 能源效益標籤

It represents a grading certified by the Hong Kong Electrical and Mechanical Services Department to display average power consumption and energy efficiency level of appliances. _____ products are most efficient while _____ products are least efficient

Values:

- Simplicity
- Care for the environment
- Common good
- Sustainable development

The principle of 5R

- ✓ **Reduce:** Consider our _____ and only buy what is useful to avoid unnecessary or excessive purchases.
- ✓ **Reuse:** Buy reusable products and avoid buying _____ items.
- ✓ **Recycle:** Choose products made from materials that are easy to recycle or decompose, and develop the _____ habit.
- ✓ **Re-evaluate:** Consider a product's materials, origin, as well as production and disposal methods in order to buy more environmentally-friendly ones.
- ✓ **Rescue:** Consider the natural ecology and protect _____ when consuming.