



Strengthen Higher-education through Innovative Financial Tools



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FINANCIAL LITERACY TRAINING SUMMARY

SHIFT Training materials



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- SHIFT incorporates financial literacy training materials for the students enrolled in the programme.
- As important topic areas to be covered within the programme, SHIFT developed 3 sample training modules:
 - ❖ Module 1: Managing money as a student
 - ❖ Module 2: Understanding retail banking, financial products and markets
 - ❖ Module 3: Protecting your money

MODULE 1 Summary/1



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Topics: Managing money as a student

- Having a bank account is a key component in learning how to manage your money.
- Important services that banks provide include direct debits, overdrafts facility, among others.
- Whether you have a simple debit or credit card, it is necessary to check your account regularly.
- After a bank account (and a savings account), a credit card is another key tool to manage your personal finance.

MODULE 1 Summary/2



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- One of the reasons for using a credit card is that it can help to build up a positive record of how you manage your money. If you use the card sensibly this positive record will help with your credit rating.
- A typical credit card statement gives key information on the credit limit, current balance, how much is available to spend, minimum payment, payment due date, and estimated interest.
- Managing and improving your credit score comes down to ‘good financial habits’.

MODULE 1 Summary/3



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- Understanding Income tax system. Income Tax is paid on income that is received by you within a given tax year. For example, in the UK, the tax year is from 6th April in one year to 5th April of the following year.
- In most countries, the income tax system allows people to earn up to a certain amount of money before income tax has to be paid.
- Countries such as the UK provide formal student loan schemes covering tuition fees and living costs while at university. Understanding these loan structures and repayment schemes enable students to make better financial decisions.
- Budgeting is a powerful way to manage your household finances.
- Learn about the useful tips for managing your money.

MODULE 2 Summary / 1



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Topics: Understanding retail banking, financial products and markets

- Banks offer interest-based products as well as non-interest-based products.
- Main banking products for individual customers include current and savings accounts.
- Banking payment services include cheques, credit transfers, standing orders, direct debits and plastic cards.
- Two main types of financial securities used for investments include:
 - Debt securities
 - Equity securities

MODULE 2 Summary/2



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- If investors are risk averse, they expect to receive higher returns on riskier securities.
- This is the reason why equities tend to produce, on average, higher returns than government or corporate bonds issued by government or corporations with high credit ratings.
- Systematic risk depends on the correlation between the returns on a certain security and the overall market returns, and thus it cannot be eliminated by diversification.
- Unsystematic risk refers to firm-specific events that are uncorrelated between each other, and for this reason, it is possible to reduce unsystematic by investing in many securities.

MODULE 3 Summary / 1

Topics: Protecting your money

- Financial services providers are businesses that manage money on behalf of customers. But understanding your ‘consumer rights’ is important.
- The full list of National competent authorities for consumer protection in EU Member States is available at:

<https://eba.europa.eu/consumer-corner/national-competent-authorities-for-consumer-protection>

MODULE 3 Summary/2

- The Ombudsman is an authority that provides protection for the individual where there is a substantial imbalance of power.
- Ombudsman scheme procedures are designed to redress the difference between the resources and expertise available to the citizen/consumer and those available to the body/business.
- Financial Advice - Before making a financial decision you should always consider information about your income capacity, spending needs, savings capacity, and future needs.

MODULE 3 Summary/3



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- Informal financial advice is the one you gather from your relatives, friends and peers (including online). Be aware that you may perceive them as reliable since you trust them, but they usually lack adequate knowledge and competencies.
- Formal financial advice is the one you gather from trustworthy and official sources (i.e. Guidance office at University, financial advisor, financial intermediary, etc.). Be aware that they may be interested in selling financial services and products.

MODULE 3 Summary/4

- Fraud is a deliberate act of deception intended for personal gain or to cause a loss to another party. Familiarise yourself with good financial behaviors, which can protect you against getting frauded.
- As a consumer you have the right to complain against a credit or financial institution in case you are not satisfied with the products or services provided.
- The following steps represent the standard procedure:
 - ▣ Contact the credit or financial institution
 - ▣ Submit an official complaint
 - ▣ Contact your national competent authority or Ombudsman if you are not satisfied
 - ▣ Go to the court if you are not happy of the outcome