International Labour Organization

Financial Education

SOCIAL FINANCE

BetterWork Jordan

Financial Education

For Jordanian and Migrant Workers



MANAGE YOUR INCOME SMARTLY!

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First published 2021



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INTRODUCTION

1. BACKGROUND

The document you have in your hands is the Trainee's booklet on financial education. It targets primarily Jordanian and migrant workers who wish to improve their money management.

This Trainee's booklet introduces basic knowledge, skills and tools related to earning, spending, budgeting and using financial services such as savings, credit, money transfers and insurance.

The purpose of the Financial Education training materials is to teach workers the fundamentals of personal and family finance. The materials cover the following topics: set financial goals, communicate with confidence, calculate the financial costs of migrating, understand key financial products (savings, loans, payments, digital wallets, insurance), comprehend digital wages, understand and negotiate with financial institutions, transfer money and manage risks. The training is also intended to remedy the low level of education and unequal power relationships - between men and women and between the older and younger generations - which often affect money-related decisions. This specific manual addresses the challenges and opportunities faced by current and potential wokers in the garment sector, both Jordanian and migrants.

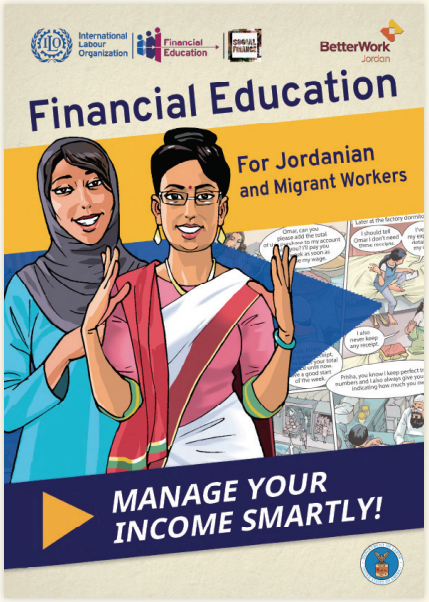
The training package was developed by the International Labour Organization (ILO) based on various ILO financial education tools created for different target groups. This specific booklet has been adapted for its use in Jordan.

This Trainee's booklet is to be used hand in hand with the trainer's manual. It is developed for specific target groups. As a complement of trainer's manual, the trainee's booklet provides all the information related to fictional characters, case studies, exercises and specific references to the target group. This booklet also comprises the key points of the training and the tools required for using and managing one's money wisely. It is written for the men and women participating in the training courses. It should be used as an exercise book during the course and as a reference guide subsequently.

This Trainee's booklet was developed in the framework of ILO Better Work Jordan. Better Work Jordan is a partnership between the ILO and the International Finance Corporation (IFC), with the support of the US Department of Labour.

2. PRESENTATION OF THE TRAINEE'S BOOKLET

Financial education, what is it about?



Financial education is the knowledge, skills and tools that enable you to better manage your money. The training you are going to attend will enable you to plan and prepare for your projects in the future. It offers the opportunity to learn skills related to earning, spending, budgeting, saving, borrowing and ways to make the most of your resources.

It will also give you the opportunity to think about communicating better on money matters with your family, your relatives, your employer or people you work with and to sort out some challenges when they arrive.

You will learn or review some tools to manage well your money.

Financial services such as credit, savings, money transfers or insurance won't have any secret for you.

How to use this Trainee's Booklet?

You should use this Trainee's Booklet during the training on financial education. The order of the chapters follows the modules and sessions of the training. However, feel free to read any chapter as you please!

The comic strips included at the end of this booklet include all the relevant topics as per the experience of our fictional characters. You will meet them during the sessions and get to know them better. We encourage you to read them. You can read them independently.

This booklet includes many exercises and worksheets that you can fill for yourself.

3. INTRODUCTION TO THE CHARACTERS

The training programme uses the stories and experiences of four main characters.



CHARACTER 1
SALMA

NAME: Salma

Target Group: *Migrant from Bangladesh*

Place of Residence: *Factory dorm*

Gender: *Female*

Age: *21*

Marital Status: *Married, no kids*

Economic Activity: *She works at an export factory as sewing operator*

Family:

- *She sends money to her parents and her husband Mohammed on a regular basis.*

Level of educational attainment: *Finished Elementary School*

Attitude to money: *Learnt how to use money from her parents. Strong preference for cash in Jordan.*

Financial Characteristics:

- *Main breadwinner of her family*
- *Keeps some savings in Jordan and back at home in Bangladesh*
- *She is interested in formal institutions but is afraid of using them in Jordan*

Objectives:

- *Help her parents fo finish building a house in their hometown*
- *Save as much as possible from when she goes back home*

Secondary Characters:

- *Her husband, Mohammed*
- *Her parents*
- *Her friend, Wamil*
- *Her siblings*



CHARACTER 2
ARJUN

NAME: Arjun

Target Group: *Migrant from India*

Place of Residence: *Factory dorm*

Gender: *Male*

Age: *34*

Marital Status: *Married, 2 sons in India*

Economic Activity: *He works at a sub-contrating factory as operator. He started as a helper.*

Family:

- *Wife works as a teacher in India. Their children are with her.*

Level of educational attainment: *Finished Secondary School*

Attitude to money: *Never got information on how to handle his money. Strong preference for cash despite he has experience with financial institutions in India*

Financial Characteristics:

- *Tries to save as much as possible*
- *Afraid of using new financial services*
- *Still repaying a loan*

Objectives:

- *He wants to finish repaying the loans to achieve other goals*
- *He and his wife want to have their own house*

Secondary Characters:

- *His wife, Diya*
- *His children*
- *His colleague, Assad*
- *His childhood friend, Vikram*



CHARACTER 3
MALAK

NAME: Malak

Target Group: *Jordanian Worker*

Place of Residence: *Lives in a small house close to the factory with her family*

Gender: *Female*

Age: *28*

Marital Status: *Single, no kids*

Economic Activity: *She works at a Satellite Unit as packer*

Family:

- *Lives with her parents, her brother and her sister in the same house*

Level of educational attainment: *Finished high-school*

Attitude to money: *Learnt some basic skills about money management from her mother. She is a bit careless when it comes to money management*

Financial Characteristics:

- *She lends too much money to friends/relatives without repayment expectation*
- *Uses formal products from financial institutions*

Objectives:

- *She would like to build an extra room for her at her parents' house*
- *Improve her financial management*

Secondary Characters:

- *Her colleague, Aisha*
- *Her parents*
- *Her sister*
- *Her brother, Farid*
- *Her neighbours*

CHARACTER 4
PRISHA



NAME: Prisha

Target Group: *Migrant from Sri Lanka*

Place of Residence: *Factory dorm*

Gender: *Female*

Age: *32*

Marital Status: *Single, no kids*

Economic Activity: *She works at an export factory as quality controller*

Family:
- *Her parents*

Level of educational attainment: *Finished high-school*

Attitude to money: *Very cautious about spending money in Jordan as her family needs most of her money at home*

Financial Characteristics:
- *Strong preference for cash but interested in digital wages to manage her money better*
- *Finish house in Sri Lanka*
- *Improve her financial management*

Objectives:
- *Save as much as possible*
- *Finish house in Sri Lanka*
- *Improve her financial management*

Secondary Characters:
- *Amayra, a friend that has been living in Jordan for many years*
- *Badra, a local Jordanian friend*
- *Her colleague, Siya*
- *Nirved, an informal lender*



A

SET GOALS AND COMMUNICATE WITHIN YOUR FAMILY

FINANCIAL EDUCATION QUIZ

A1. What does the following proverb mean? *"If a man does not know to which port he's steering, no wind is favourable to him."*

- ☐ **a.** You need to have wind to be able to sail.
- ☐ **b.** It is easier to realize your life projects if you know where you go and if you set concrete goals.
- ☐ **c.** It is easy to steer one's boat when there is wind.

A2. What is the best way to achieve your goals for the future?

- ☐ **a.** To have short-term and long-term goals and save regularly to be able to achieve them.
- ☐ **b.** To have goals and hope that they will be achieved. It is important to have faith in myself.
- ☐ **c.** I am too young to have goals for the future, I can think of this in the future.

A3. Your parents call you to ask for money again for a ceremony in the village

- ☐ **a.** I send them money right away as you always do what your parents ask.
- ☐ **b.** I disagree strongly and refuse to send any money.
- ☐ **c.** I discuss with them to better understand their needs and see how I can help them keeping in mind my goals and my savings plan.

A4. What is a savings plan?

- ☐ **a.** A financial product.
- ☐ **b.** A plan where you can see your goals, their costs, the date by which you want to reach your goals, and the amount that you must save to reach them.
- ☐ **c.** A moneybox.

A5. What should you do before deciding if you should migrate?

- ☐ **a.** I should go to the bank and check whether I can borrow money to migrate.
- ☐ **b.** I should list all advantages and disadvantages, calculate how much it would cost, and make an informed choice.
- ☐ **c.** I should only listen to and trust people who have migrated.

A6. How can you calculate the financial costs of migrating?

- ☐ **a.** By listing all preparatory costs, costs during the journey, costs once I arrive, and costs for my family back home.
- ☐ **b.** By estimating the cost of travel to the destination country.
- ☐ **c.** By listening to stories of migrants and returnees.

Answers: A1:b; A.2:a; A.3:c; A.4:b, A.5:b, A.6:a

1. SET YOUR GOALS

DEFINITION

A goal is something you want to do. Setting goals helps you to define what you want to do in life and hence to know what you need to do to make it come true.



Let's get to know Salma, one of our characters.

Case Study N°1

SALMA'S STORY

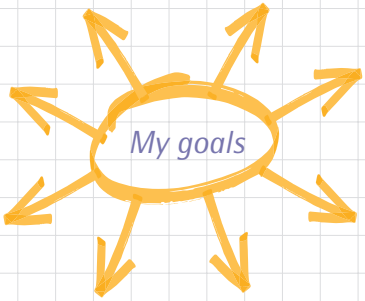
Salma is 21 years old. She has migrated from Bangladesh two years ago and has been working in Jordan in the same export factory since then. She got married with Mohammed in her village when she was 16 years old. They do not have kids. Back at her village Salma has her parents, and two younger sisters (aged 12 and 18).

Salma works as a sewing operator in an export factory. She heard about this opportunity to go to Jordan from other women in her hometown and decided it was a good opportunity to earn money, save for building a home and support her family. She likes her job but sometimes she is very tired of working so many hours. Back home, Mohammed lives with Salma's parents. He works as a daily labourer in an agricultural farm close by, same as Salma's father. Salma's mother takes care of the house with the help of Salma's younger sister. Salma's second sister is 18 years old and works occasionally at a market selling products.

Salma sends every month almost 70% of her income to her father's bank account. She keeps the remaining money in Jordan, and she spends it in toiletries, internet data bundles, some extra food and keeps a bit for spending on her free time. Sometimes she manages to keep a bit as savings. She also tries to spend as little as possible in Jordan, so she saves as much as possible. Of the money that is sent home, according to what her father tells her, half is used to save for building a bigger house for when Salma is back, and the rest is used for normal expenses they have there.

Salma has many ideas for her future back at home. Her dream would be to have her own tailor shop. Mohammed and her father dream of buying a plot of land to grow their own vegetables. Salma would also like to finish school.

What are Salma's dreams?
Write them here!

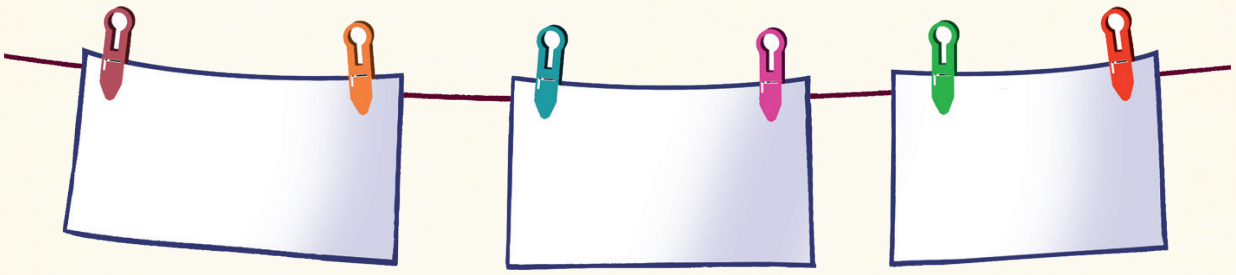


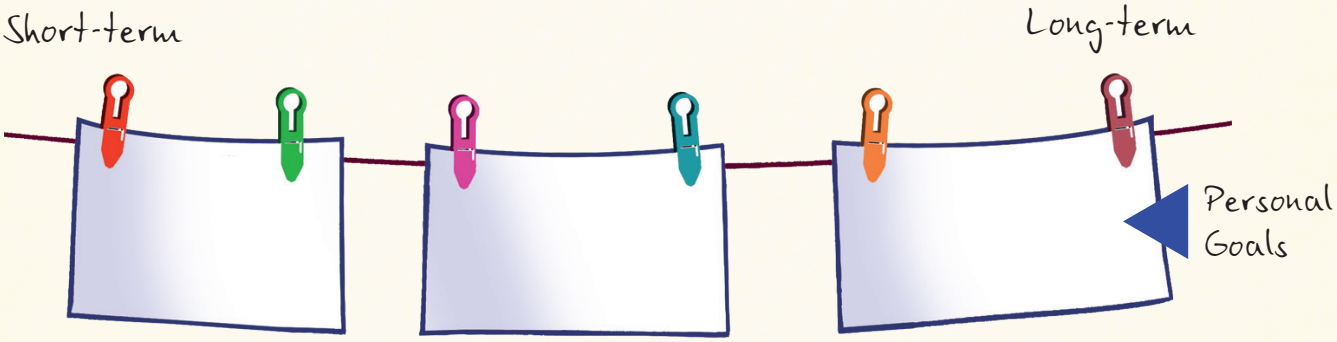
TRAINING AID A.1.1.

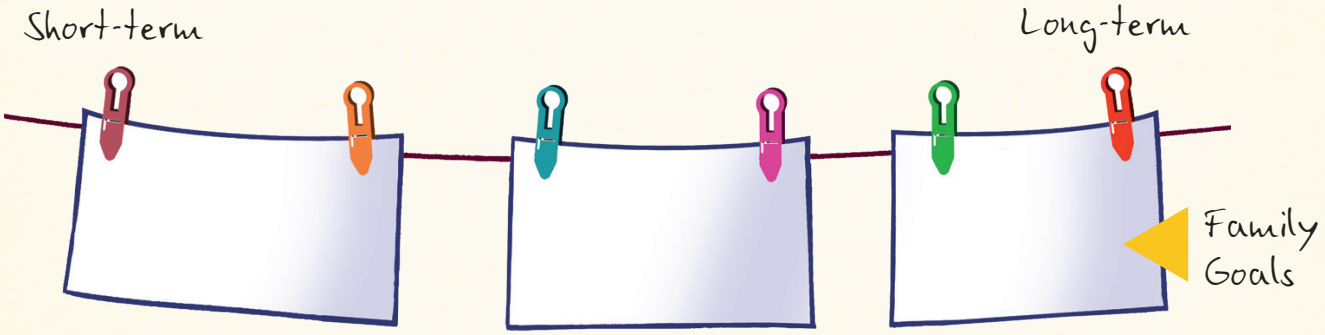
My goals

Have you ever thought about your goals?

If so, write or draw them here!







REMEMBER

All your objectives are important! Some objectives can be achieved faster than others.

IMPORTANT: managing your money well can reduce your stress levels

2. TALK TO YOUR FAMILY ABOUT YOUR GOALS!

ADVICE TO DISCUSS YOUR GOALS WITH YOUR FAMILY

- Think well about what you want (and the reasons why you want it) before you talk to your family.
- Don't be afraid to talk about your goals. All men and women – young or old – have a right to set their own goals.
- Find allies in your family: persons to whom you would have talked before and who could support you, persons who are respected in the family.
- To talk about your goals to your spouse and/or other family members, choose the right time, set a time when they are available.
- Be confident when you talk about your goals and listen to the opinions of the other people without interruption.
- Be respectful to your family members and flexible on your position.
- If there is a disagreement, examine the issue and look for compromise solutions that will benefit everyone in the family.

DO...	DON'T
• Be self-confident	• Show impatience
• State clearly what you want	• Be passive or arrogant
• Listen to your partner	• Shout
• Acknowledge the other person's point of view	• Interrupt
• Show respect	• Get angry
• Be flexible and calm	• Be vulgar or insulting
• State your opinion, even though you owe the other person respect	• Repeat the same point several times
	• Immediately reject the other person's ideas
	• Adopt a defensive posture



IMPORTANT: Talking about money can trigger a lot of emotions. Try to find someone you trust to talk about this. Not talking about your emotions have a negative effect on your mental health.

3. ASSESS THE COSTS OF YOUR GOALS AND YOUR PRIORITIES

Do you know the costs of your goals?

Do you know the costs of your goals? If you do, write the costs beside the goals you have written or drawn above. If you don't, it is very important that you find out. It is the only way to know how much money you need to achieve your goals. Meanwhile you can indicate an approximate cost that you can correct later.

Then, prioritize your goals indicating 1 for the most important, 2 for the second most important and so on.

NUMBER	PERSONAL OR FAMILY GOAL	GOAL	ESTIMATED COST

REMEMBER

Goals are generally easier to achieve if you think ahead and gather all the information you need to take a well-informed decision. It is vital that we assess how much it will cost to achieve our goals. Careful research is sometimes necessary (seeking information from suppliers, finding out about market trends, etc.).

Do not forget that prices rise over time! Therefore build in a margin, i.e. save a bit more, in case the costs of achieving your goals increases in the next few years.

4. MAKE A SAVINGS PLAN TO ACHIEVE YOUR GOALS



Case Study N°2

MALAK'S SAVINGS PLAN

Malak works as a packer in a garment factory satellite unit. She is single and has no kids. She lives with her parents and shares incomes and expenses from the household with them and her brother. She has many objectives for her future, but she knows it is not easy to achieve them all. Malak has reviewed her projects.

She would like to change her cell phone in the short run because it is really old and most of the applications she uses on a daily basis are not working properly. She would also like to have a laptop, but she knows they are very expensive and decides to postpone this objective for now. What she would like to achieve in a year's time is to buy a new sewing machine. She could share the costs with one of her sisters who also lives with her.

In the long run, she wants to buy the materials needed to build an extra room in the house. Her father can help with the work needed as he is very talented doing this. Malak has assessed the cost of each project and set dates for when she would like to achieve her goals. She has calculated the amount she needs to save each month for this purpose. Malak has drawn up what we call a savings plan. This has given her a clearer picture of what she needs to save each month to achieve her goals.

So, let's take a look at Malak savings plan!

MY SAVINGS PLAN

My goals	Date when I want to achieve my goal	Costs of my goal	Number of months before the date of achievement of my goal	Other sources of financing (if relevant)	How much I need to save each month to achieve my goal
Short-term goals (less than 12 months):					
To buy a new cell-phone	*March this year*	*$180*	*6 months*		*$30*
Medium-term goals (1 to 3 years):					
To buy a new sewing machine	*January next year*	*$240*	*12 months*	*Sister will contribute half of the total costs*	*$10*
Long-term goals (more than 3 years):					
To buy the materials needed to build an extra room in the house	*January 5 years' time*	*$3000*	*60 months*		*$50*
Total amount I need to save every month to achieve all my goals (sum of the amounts in the right-hand column):					**$90**



IMPORTANT: Once Malak reaches her short-term goal, she will need to adjust her savings plan and the money she needs to set aside each month to achieve her other goals

TRAINING AID A1.2

My savings plan



Now it's your turn!

Now let's summarize and fill the table below with all the information you have thought of: goals, priority, costs, date when you want to achieve your goal(s), and other sources of financing.

▶ Training Aid

A1.2

MY SAVINGS PLAN					
	Date by when I want to achieve my goals	Cost of achieving my goals	Number of months left to achieve my goals	Other sources of funding (optional)	How much I need to save each month to achieve my goals
My short-term goal(s) is/are:					
My long-term goal(s) is/are:					
The short-term goals I share with my family are:					
The long-term goals I share with my family are:					
Total amount I need to save every month to achieve all my goals (sum of the amounts in the right-hand column):					

YOUR TURN

I need to save

. . . . . .

per month to achieve all my goals.

Be careful! If it is not possible for you to save so much every month, you need to review your goals:

by reducing their costs, or by cancelling some of the goals now, or by postponing the date when you wanted to achieve some of your goals.

You can do that looking at how you prioritized the goals: for example, you won't change your goals 1 and 2 but you may need to change your goals 3 and 4.

⚠ IMPORTANT

Making a savings plan may cause some distress, especially if you can't save as much as you want. Don't push yourself! Always remember that you can always adjust your savings plan.



Case Study N°3

ARJUN DRINKS A TEA WITH ASSAD

While drinking tea with his friend and colleague Assad in the cafeteria, Arjun says that he decided to explain his line manager at the factory that he is not happy with the few extra hours they are giving to him. He is not able to send home as much money as he wanted home and is looking for other options. It was difficult to tell his wife Diya of this situation, as they are really expecting more money at home, but she understood.

Assad, for his part, shared with him that his family is also facing big problems at home as they run into some unexpected expenses. However, instead of speaking with them about the few extra hours, he decided to borrow money from one person at the factory to be able to send more money home. He explained that he had to reduce his personal expenses to a minimum to be able to repay this new debt in Jordan.

Even after reducing all his personal expenses, he sometimes faces problems to repay this small loan. This situation weighs heavily on him and he is looking for a solution.

TRAINING AID A2.1

Role-play activity: conflict and negotiation



CONFLICT1

Salma has managed to set aside some money in Jordan. She is speaking on the phone with her father, who asks her if she could lend some money to Salma's aunt who needs to buy expensive medicine. Salma does not want to lend her money because she thinks she needs all the money she has saved for the day she goes back home. She does not want to say no to her father's sister and does not know what to do. What should she do?

Work out a role-play showing the interaction between the people described and the solution you arrive at. At least one of the characters in your role-play must try to apply the rules for effective communication.

CONFLICT 2

Vikram, Arjun's childhood friend from the village, is getting married soon in India. Arjun discuss over the phone with friends in the village about what should be their present. All the friends believe they should all contribute a lot of money because it is a wedding present and Vikram needs it badly. Arjun wants to contribute as much as possible for him, but he believes the amount they are pushing for is too much for him. He is afraid his friends will think he is greedy, especially because he is the one earning money abroad. What should he do?

Work out a role-play showing the interaction between the people described and the solution you arrive at. At least one of the characters in your role-play must try to apply the rules for effective communication.

CONFLICT 3

Malak always puts money aside to achieve her objectives. One of her brothers insistently asked her if she could give him some money to buy new clothes, as it has been a long time since he bought a new suit. Malak would love to help her brother but also thinks she should save as much as possible. What should she do?

Work out a role-play showing the interaction between the people described and the solution you arrive at. At least one of the characters in your role-play must try to apply the rules for effective communication.

CONFLICT 4

Prisha works very hard as quality controller in an export factory. Every month she sends money back home, telling them to save some of it for emergencies. When her mother falls ill, her father admits that he has not put anything aside and he has nothing left. She is very disappointed and angry. What should she do?

Work out a role-play showing the interaction between the people described and the solution you arrive at. At least one of the characters in your role-play must try to apply the rules for effective communication.



KEY MESSAGES

- It is easier to achieve your life plans if you know what you want and set yourself precise goals to achieve them.
- Some goals can be achieved quickly; others take years or even decades. Goals need to be classified as short, medium or long-term.
- People's goals change in the course of their lives and different family members will have different goals. It is important to make family members' different goals compatible with each other.
- Good communication is desirable in all families, especially in families with relatives living in a distant town, region or country.
- Defining one's goals and making the difference between myth and reality in setting goals makes it easier to reach them.
- It is important to seek reliable information in assessing the value and cost of achieving your goals.
- You also need to be able to readjust your goals if they are too costly, and to be flexible in doing so (in the event of a change in your financial or social circumstances).
- Keeping your goals in mind is a sure way to achieve success.
- Making a savings plan helps you to achieve them more easily.

NOTES

5. DECIDE IF MIGRATING IS THE RIGHT CHOICE FOR YOU



Case Study N°4

SALMA'S MOTHER VIEW ON HER DAUGHTERS' MIGRATION

I am Salma's mother. She is my eldest daughter. When she migrated to work in Jordan about 2 years ago, I was happy that she got the opportunity that some other women from the village had before. However, I was sad that my daughter was going to live abroad, far away from home. Although she sends us money every month for our upkeep and care and this has been very useful in ensuring that we always have three square meals on our table. This has also helped us in buying material to finish building our house here. In terms of our finances, Salma's decision to migrate has been a blessing.

Since my daughter left for Jordan, I have less help at home to run all the errands. Salma used to help me a lot during the day and also, she played a key role in helping her younger sisters with the school homework. Her presence also gave all of us so much comfort, also when we needed to make some family decisions. I miss her very much.

I am happy that she is working there now and that she can have this experience abroad that so many Bangladeshi women pursue. However, I would really like her to be here with her husband and to have grandchildren.

⚠ ATTENTION: **People often think about the advantages of migrating only. But, migrating also has some disadvantages.**

Advantages and disadvantages of migrating (From the migrants' point of view)

Advantages	Disadvantages
• Earning more money. • Being able to support the family by meeting basic expenses: food, health care, education, electricity... • Learning new skills. • Doing new jobs and gaining experience of life. • Having a sense of freedom and independence. • Saving for the future.	• Migrating may mean contracting a debt that will be difficult to pay back. • Finding a job abroad may take time. • The high cost of living in the destination country. • Constant fear of being repatriated (if in the country illegally). • Environmental risks of hazardous work and the threat of (sexual) violence (especially if in the country illegally). • Family expectations that you will earn a lot of money. • Loneliness and isolation. • Social stigmatization when you return from abroad

KEY MESSAGES

- People decide to migrate for multiple reasons: make more money, have a different experience, study, acquire new skills, leave conflicts in their countries of origin...
- You need to understand the benefits of migration, that is, what you can achieve with it. You also need to analyse the disadvantages or costs, that is, what you and your family may lose due to migration.
- These advantages and disadvantages of migration can be linked to money but also to social and family relationships.
- A lot of false information is circulating on migration: unlike what people say, money is not collected on the ground anywhere, neither at home nor abroad!

6. CALCULATE THE FINANCIAL COSTS OF MIGRATING

Migration is expensive, but do you really know how much it costs to migrate? Can you distinguish between different costs?



TRAINING AID A3.1

Detailed analysis of the financial costs of migrating



I am thinking of migrating: .....

.....

.....

Destination: .....

	WHAT WILL IT COST?	HOW SHALL I PAY?
Preparatory costs		
Costs during the journey		
Cost in the town or country I am going to		
Costs upon return		
Costs for my family back home		
Total cost of migrating		

EMOTIONAL COSTS

Some costs are not necessarily linked to money but more associated with our emotions and feelings.

Some of the emotional costs lined to migration to take into account are:

- Family cohesion might be broken
- The family may be afraid or ashamed that the relative living abroad will live a life not in accordance to traditional values
- The migrant might experience loneliness and isolation
- Fear of being repatriated or not fully in accordance to local legislation
- Social stigmatization when you return from abroad

IMPORTANT: **It is very important to weigh up the costs and benefits, for yourself and your family, before taking the decision to migrate.**

Key messages

- This table is an important tool that you and your family can use to work out how much it would cost to migrate.
- If you know the cost, you are better placed to assess whether the advantages of migrating outweigh the disadvantages, and whether it would be beneficial for a family member to go and work abroad (or for a migrant to come back home).
- Remember that it is difficult to know exactly how much it would cost for a worker to migrate. To make as accurate an assessment as possible, and for a true picture of the possibilities and drawbacks of going to live and work abroad, families can seek information from various sources: public agencies such as Migrant Resource Centres, trade unions, NGOs and returned migrants.
- Don't listen to everything people say about migrating; there are a lot of tall stories and sometimes people don't tell the whole truth because they want to protect themselves. Contrary to rumour, the streets are not paved with gold, neither at home nor abroad!



B

MANAGE YOUR INCOME SMARTLY

FINANCIAL EDUCATION QUIZ

B1. It is the end of the month; I've just received my salary:

- ☐ **a.** I rush to the market to buy this nice jacket I saw the other day.
- ☐ **b.** I set aside a part of my salary to achieve my goals.
- ☐ **c.** I buy a big present for my best friend's birthday.

B2. A budget is:

- ☐ **a.** A tool to decide, plan and use your money to achieve your goals.
- ☐ **b.** A sheet to record expenditures.
- ☐ **c.** A table.

B3. What is an employment contract?

- ☐ **a.** A note given to employees that details how much they will be paid and other allowances.
- ☐ **b.** A legal agreement between employer and work that specifies the duties, responsabilities and benefits for both parties.
- ☐ **c.** An informal letter that an employee receives before starting a new job confirming the conditions of his/her next employment.

B4. What are the three main parts of a budget?

- ☐ **a.** The date, the income and the expenditures.
- ☐ **b.** The income, the expenditures and the savings.
- ☐ **c.** The expenditures, the income and the signature.

B5. How shall I do to follow my budget?

- ☐ **a.** I have so many obligations that it is impossible to follow my budget.
- ☐ **b.** I don't do any budget because I believe in fate.
- ☐ **c.** I use tracking sheets to record my expenditures and income.

B6. Which one of the following items is not an advantage of receiving a digital wage?

- ☐ **a.** It is safer because there is a reduced risk of money loss.
- ☐ **b.** It is faster because as you do not need to queue to get your wage.
- ☐ **c.** As there might be low availability of ATMs it is easier to save money.

Answers: B1:b; B.2: b; B.3:a; B.4:b; B.5:c; B6.c

1. BE A SMART SPENDER!

QUESTIONS

- Are you someone who likes spending or someone who likes saving?
- For example, do you often give up on things that you want?

DEFINITION

Saving means not spending all your money and setting aside a part for a specific goal in the future. It means setting aside small or large sums of money, regularly or from time to time.

EXERCISE

According to your own situation, choose between necessary expenses (we call them needs) and optional expenses (we call them wants)! Circle the images that correspond to needs for you to distinguish them from the wants.

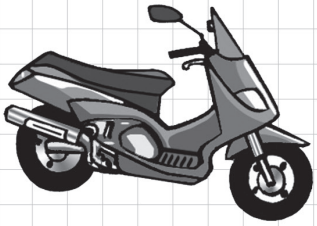
TRAINING AID B1.1

Wants and needs picture cards





Lottery ticket



Motorbike

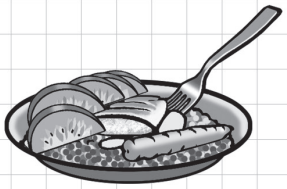
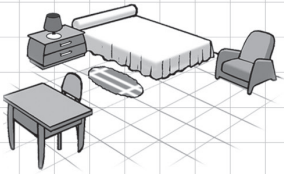


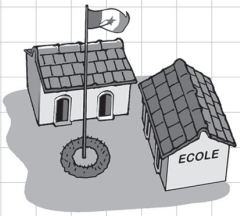
Plate of food



Cash withdrawal



An apartment



School



Smartphone



Water



Sim card



Doctor's visit



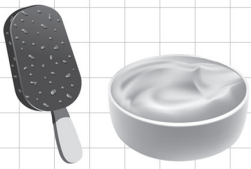
Electricity



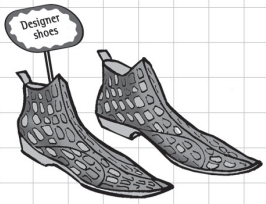
Soda can



Cinema ticket



Ice cream



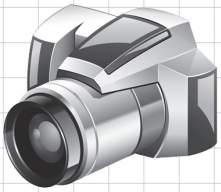
Expensive shoes



Cigarettes



Flat screen TV



Camera



Sound system



Make=Up

I would like to buy...

My needs	How much does it cost?
Total needs	
My wants	**How much does it cost?**
Total wants	

ATTENTION!

Be careful! Sometimes, something can be a need for someone and a want for someone else. For example, a mobile phone, a person can need it for a business, while others might only use it to call his friends and family.

Do I have enough money to buy all the things I listed?

☐ Yes ☐ No

If I don't have enough money, I decide to give up the following wants:

NOTES

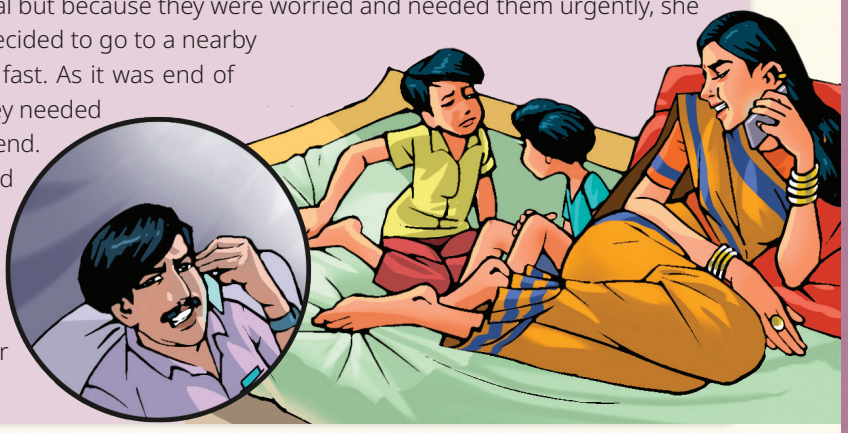
⚠ IMPORTANT: **You might spend to make yourself feel better. Some people describe this as feeling like a temporary high. But it will only do so for a short period of time. Be careful! If your budget is tight take a moment to always distinguish between needs and wants. Otherwise, not having later enough money for your needs can be really stressful for you.**

Read the stories of these characters and reflect about what is happening to them. What could have they done differently?

Case Study N°1

ARJUN'S FAMILY FACES AN EMERGENCY BACK AT HOME

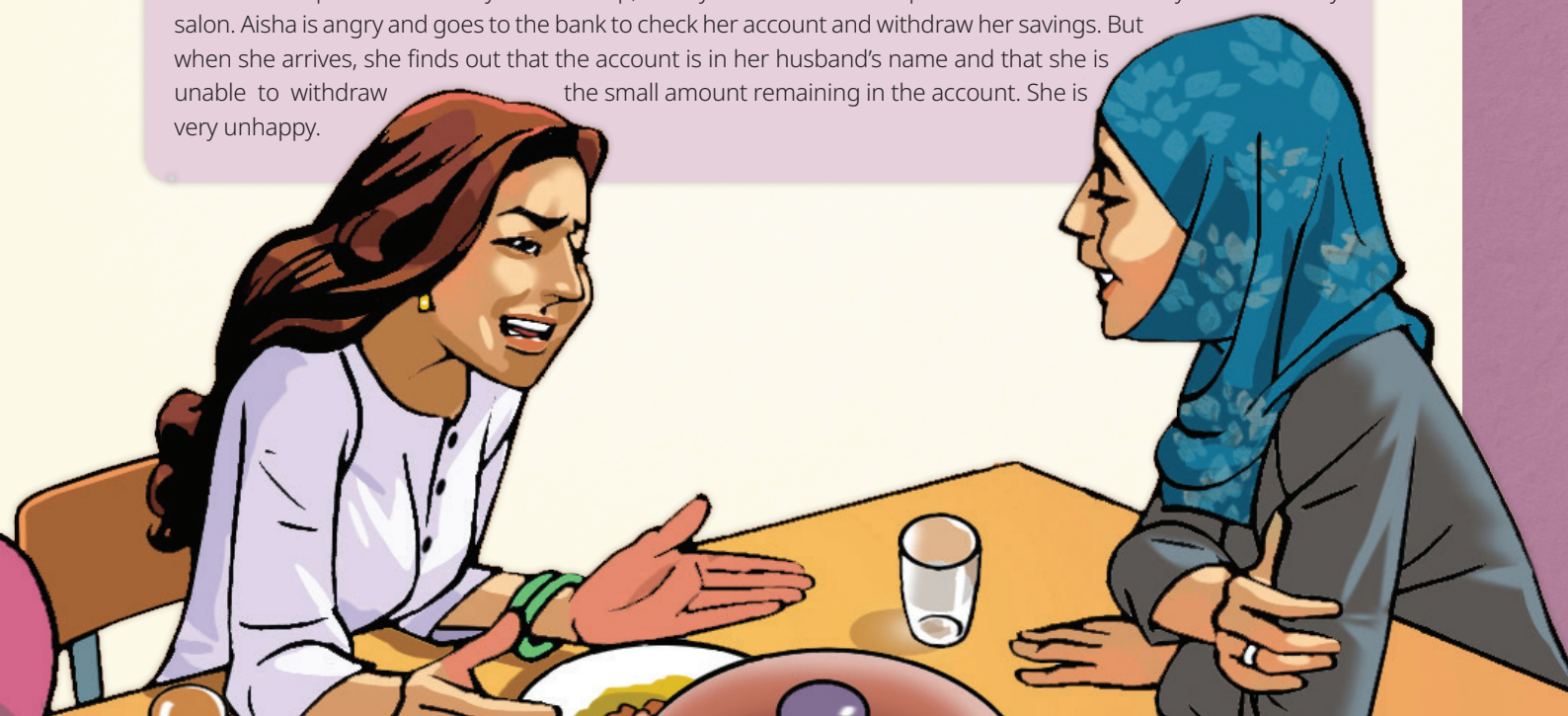
Arjun works very hard at the factory as an operator. His wife Diya works as a teacher back at the village. They have 2 children and Arjun is trying to go visit them next summer. They are thrifty but have little income available as they are still repaying some debts. Last week, Diya started feeling bad and so did their children. They could get the medicines in the local hospital but because they were worried and needed them urgently, she spoke with Arjun on the phone and they decided to go to a nearby pharmacy and paid for them to get them fast. As it was end of the month and they were short of cash, they needed to borrow money from Vikram, a good friend. Arjun will send money next week. His friend lent Diya 5 dollars and she agreed to pay him back 6 dollars as soon as they receive Arjun's remittances. She has used the money to buy the medicines from the pharmacy. They all recovered fast after taking the medicine.



Case Study N°2

AISHA, MALAK'S FRIEND, HAS A PROBLEM

Malak has a very close relationship with her friend Aisha. She owns a small beauty salon in a commercial street close to her house. Aisha's shop has been quite successful lately. She has learned to be disciplined with money and has been having some profits for quite some time now. As she does not understand financial institutions, she has regularly given part of her income to her husband Omar, for him to deposit the money in the bank account. One day she returns home thinking of asking Omar some money from the business account as she wanted to buy some new tools for her shop. When she arrives, she discovers that her husband has bought a car. When she requests the money for the shop, he says that it is now not possible to use the money for the beauty salon. Aisha is angry and goes to the bank to check her account and withdraw her savings. But when she arrives, she finds out that the account is in her husband's name and that she is unable to withdraw the small amount remaining in the account. She is very unhappy.



TIPS TO SAVE

- Set aside a bit of money every day or every week.
- Do not buy a new item if yours still works or if it can be repaired.
- Buy less presents for your family. Talk to them first and agree with them on your support.
- If possible, spend less on cultural or social ceremonies.
- Keep less cash in your wallet (and leave it in a safe place: at home, on a bank account...).
- If you send money to your parents or other family members, do not send all your money to them and keep part of it for your own needs and emergencies.
- Always keep in mind your long-term goals to remind you why you save!

KEY MESSAGES

- You need to be able to distinguish between essential and optional spending.
- Saving for an emergency: saving is essential, an absolute need.
- "Manage well what has been earned by others".
- Saving means giving up an immediate want to invest and achieve a goal in the future.
- Saving makes for security.

NOTES

2. UNDERSTAND YOUR WORK CONTRACT AND YOUR PAYSLIP



Understanding your work contract is very important. If you understand it, it can protect you. But if you sign a contract without reading it or knowing what it means you can end in a bad situation.

DEFINITION

Work contract: A (legal) agreement between employer and worker that specifies the duties and responsibilities and benefits for both parties.

Case Study N°3

THE STORY OF WAMIL

Wamil, Salma's friend, lives in Bangladesh and just received the confirmation that she got a job at the garment factory in Jordan where some other women from her village are working. She's happy as they were many people applying for the job. The recruitment agency asked her to sign a contract.

Wamil did not really read the contract as the letters were very small and she did not have her glasses. Anyway she was satisfied as she will be able to live at the factory dormitories and won't pay for accommodation and transport.

After some months, she travels to Jordan. She works happily the whole month and at the end when she receives her salary, she noticed that it is a bit less than what the agency told her on the first day. She asks the trade union representative why and she finds out that she has to pay for some income taxes.

Her trade union representative shows her the clause on her contract. Wamil is disappointed, as she cannot send as much money home as the originally thought.

Case Study N°4

THE STORY OF ARJUN

Arjun got a job as an operator in a sub-contracting factory. He is very happy as he has spent already 2 years in Jordan and was looking to work in another factory as operator. He signs the contract happily.

However, a few months later, he accidentally injured one finger with the machine he operates. He did his best to stop the bleeding and bound up the wound. He tried to ignore the pain, but that evening his finger was badly swollen. He went to work his usual shift the next day but was in a lot of pain. It was the first time something like this happened to him and he did not say anything to his boss for fear of him getting angry.

At the lunch break, one colleague realized that Arjun was in pain. He explained to him that as workers of this factory there is primary health care service within the factory open during working times. He explained Arjun he could go right away to get checked. In case he had something more serious, the medical staff could refer him to a specialized doctor or hospital, at no cost for him. This was written in his contract.

TRAINING AID B2.1

Example of good employment contract

Unified Work Contract for Migrant Workers

Jordan Garments, Accessories & Textiles Exporters Association

Association of Owners of Factories, Workshops and Garments

General Trade Union of Workers in Textile, Garment and Clothing Industry

First Party

Employer: . . . . . .

Represented by Mr./Mrs.: . . . . . .

Address: . . . . . .

Telephone Number: . . . . . .

Second Party

Male/Female Worker: . . . . . .

Date of Birth: (day . . . . . /month . . . . . /year . . . . .)

Nationality: . . . . . .

Passport No.: . . . . . .

Address: . . . . . .

Telephone Number: . . . . . .

The two parties have agreed under this contract that the Second Party (hereinafter referred to as "worker") shall work for the First Party (hereinafter referred to as "employer") under the supervision and management of the First Party for a wage in accordance with the following terms and conditions:

1/7

1. Drafting of Contract

This contract has been drafted in Arabic and in . . . . selected by the worker as a language that he/ sheunderstands and in three original copies signed by the two parties. Each party shall keep a copy of the contract. A copy shall also be kept with the Ministry of Labor for the purposes of issuing a work permit.

2. Term of Contract

The two parties have agreed that the term of this contract shall be . . . . during which work permits shall be issued in accordance with the procedures in place at the Ministry of Labor. The term of the contract shall commence as of the date of the arrival of the worker in the Hashemite Kingdom of Jordan (hereinafter referred to as "Jordan"). The employer, at his own expense, shall complete the legal requirements, including the issuance of a residency permit and a work permit for the worker.

3. Type and Place of Work

A. The worker shall be employed in the profession of . . . . . The worker shall undertake to perform his duties and responsibilities according to the nature of his work and under the supervision and management of the employer or someone on his behalf.

B. The main location of work of the worker shall be at the enterprise of the employer in the area of . . . . . The employer may relocate the worker to other branches of the enterprise within Jordan provided that the worker is informed in writing of the relocation decision one week prior to the relocation and that this shall not affect his financial entitlements.

4. Employment and Travel Arrangements

A. The employer shall undertake to complete the conditions of employment and travel arrangements without the worker incurring any fee or expenses except the official expenses that he/she incurs in his/her home country in accordance with the laws there. The worker shall confirm his/ her knowledge that he/she is not obliged to pay any fee to any entity except the official expenses in his/her home country.

B. The employer shall:

1. Receive the worker at the place of his/her arrival in Jordan and transport him/her from the place of arrival to the place of work free of charge.
2. Provide the worker with an air travel ticket from his/her home country to Jordan upon recruitment and another free air travel ticket to his/her home country upon the end of the work relationship while taking into consideration Paragraph 3 below of this clause.
3. Taking into consideration the provisions of Article 29 of the Labor Law, if the worker terminates the work relationship before completing the term of the contract, the employer shall not cover the full cost of the air travel ticket from Jordan to the home country of the worker. In this case, the employer shall cover a percentage of the cost of the air travel ticket equivalent to the period in which the worker spent of the total term of the work contract.

5. Wage and Working Hours/Obligations of Employer

In return for the work performed by the worker, the employer shall fulfill the following obligations and provide the following benefits:

A. Monetary Wage: The worker shall be paid a monthly wage of .....Jordanian dinars, while taking into consideration the conditions of the collective agreements signed between the Jordan Garments, Accessories & Textiles Exporters Association, the Association of Owners of Factories, Workshops and Garments, and the General Trade Union of Workers in Textile, Garment and Clothing Industry, including the provisions related to annual increases and incentives stipulated in these agreements.

B. In-Kind Wage: The employer shall provide food and accommodation to the worker as follows:

1. Three meals daily in reasonable quantity and quality to provide adequate nutrition.
2. Free transportation to the worker to and from the place of residence to worksites if the place of residence is 1 km or more away from the premises of the factory while taking into consideration the terms of the collective agreements signed between the Jordan Garments, Accessories & Textiles Exporters Association, the Association of Owners of Factories, Workshops and Garments, and the General Trade Union of Workers in Textile, Garment and Clothing Industry.
3. Shared accommodation of the worker according to the conditions stipulated in relevant legislation that governs the standards of worker accommodation in Jordan.

C. Working Hours: Regular working hours shall be 8 hours a day or 48 hours a week, excluding the time taken for meals and breaks.

D. Payment: The employer shall pay the wage, bonuses, incentives, overtime, and any other entitlements that are part of the concept of wage within not more than seven days of the date of entitlement either in cash or through bank or electronic transfer as agreed on between the two parties.

E. Cash and in-kind wage shall be subject to tax and social security deductions, as well as any other legal deductions, in the percentages and according to the conditions stipulated in relevant legislation.

6. Overtime and Incentives

A. Overtime (if any) shall be optional. If the worker agrees to work overtime, the wages for this work shall be calculated as follows:

1. If he/she works overtime during weekdays more than the daily or weekly working hours, he/she shall receive a wage of not less than 125% of his/her regular wage.
2. If he/she works on the day of his weekly holiday or during religious or official holidays, he/she shall receive an additional wage of not less than 150% of his/her regular wage.

B. Incentives:

1. The worker shall be informed of the value of incentives of work and production and the method of payment of these incentives in writing.
2. The value of the incentives shall be clearly noted in the monthly wage statement of the worker.

7. Wage Statement and Overtime

Upon payment of the wage, the employer shall provide the worker with a detailed monthly statement that includes the name of the worker, the amount of the wage, allowances, increases, any other benefits, legal deductions, and the number of overtime hours that the worker worked and the amount of money corresponding to this.

8. Leaves

A. Annual Leave: The worker shall be entitled to a 14-day paid annual leave for every year of service. The annual leave shall be increased to 21 days if the worker spends five successive years with the employer. Weekly holidays and religious and official holidays shall not be calculated as part of annual leave.

B. Sick Leave: The worker shall be entitled to a 14-day paid sick leave within one year with full wage based on a report by the doctor approved by the enterprise. The leave may be renewed for another 14 days with full wage if he/she is hospitalized based on a report by the doctor approved by the enterprises whose number of workers is less than 20 workers. As for enterprises whose number of workers is more than 20 workers, a medical committee shall be authorized for the purpose of approving medical reports.

C. Weekly Holiday: The worker shall be entitled to one fully paid day for rest every week and it shall be on Friday. (If the nature of work requires that the holiday be a day other than Friday, the day approved by the enterprise shall be specified as the day of weekly holiday must be fixed and not changeable).

D. Paternity Leave: The worker shall be entitled to a three-day paid paternity leave.

9. Social Security

The provisions of the Social Security Law and its amendments, and the regulations and instructions issued pursuant thereto, shall be applied in connection to contributions, entitlements, work injuries, and other types of insurance relevant to the worker.

10. Health Care

The employer shall undertake the following:

A. Make arrangements for a preliminary medical examination and routine medical checkups in accordance with the Instructions on Medical Examinations of Workers issued pursuant to the Jordanian Labor Law and the official form issued by the Ministry of Labor concerning these examinations.

B. In emergency cases, the medical staff of the employer must refer the worker to a specialized doctor or hospital expeditiously and without delay so that the worker may receive the necessary medical care and proper treatment at the expense of the employer.

11. Work Permits, Residency Permit, and Identity Card Documents

The employer must:

A. Not withhold any of the identification documents of the worker, including the passport, residency permit, and work permit while observing the procedures for renewing the work permit and residency.

B. Obtain the work and residency permits of the worker throughout the duration of the work relationship without letting the worker incur any costs, even if the contract is prematurely terminated.

12. Non-Discrimination

The employer must not discriminate between the worker and other workers on the ground of race, color, sex, religion, political opinion, nationality, or social origin.

13. Freedom of Association and Collective Bargaining

The employer must respect the worker's right to freedom of association, as stipulated by the Jordanian Labor Law and its amendments. This includes the right to join the General Trade Union of Workers in Textile, Garment and Clothing Industry in Jordan without harassment, interference, or prejudice to any of his rights.

14. Disciplinary Measures

A. The employer may take disciplinary measures or impose fines against the worker, as stipulated in the list of penalties approved by the Minister of Labor or someone whom he authorizes.

B. The worker must be informed of the terms of the bylaw of the factory that is approved by the Ministry of Labor.

15. Confidentiality

The worker shall undertake not to disclose any confidential information related to commercial, financial, or technical information at the enterprise of the employer for any reason whatsoever, whether during the term of the employment relationship or after its end. The employer may terminate the work of the worker if he/she discloses such information and the employer may take legal action against him/her to seek compensation for the losses he/she caused. Confidential information includes all non-public information concerning commercial, financial, or technical aspects of the business of the employer, which, if disclosed, could be used by competitors of the employer.

16. Termination of Work Contract

A. The work contract shall end in any of the following cases:

1. If the two parties agree to end it.
2. If the term of the work contract ends or the work itself ends.

3. If the worker dies or is unable to work due to illness or disability, as proven by a medical report issued by a medical authority.

4. If the worker meets the conditions of old-age retirement as stipulated in the Social Security Law unless the two parties agree otherwise.

B. If the employer terminates the work contract before its term has ended, or the worker terminates the work contract for one of the reasons set out in Article 29 of the Jordanian Labor Law, the worker shall be entitled to all the rights and dues specified in the contract, including wage, benefits, and other amounts due to the worker in accordance with the law for the remainder of the term of the contract provided that the contract has not been terminated in accordance with Article 28 of the Jordanian Labor Law.

C. If the worker terminates the work contract for reasons that are not within the provisions of Article 29 of the Jordanian Labor Law, the employer may claim compensation for the losses he incurred due to the termination of the contract. The competent court shall determine the value of the compensation provided that it shall not exceed half of the wage of the worker for the remaining period of the contract.

17. Termination Settlement

Upon the end of the contractual relationship, the worker shall be entitled to a prompt settlement of all outstanding payments, including wage and overtime payments, which should be completed within seven days of the worker's last day of work. The employer shall provide the worker with accommodation and meals until travel arrangements are finalized.

18. Death

The employer and worker agree that in the event of the death of the worker during the term of the work contract:

A. The employer shall notify the embassy of the worker's home country within 24 hours and cover the costs of the body's repatriation to his home country.

B. The employer shall pay all outstanding dues of the worker to his/her heirs or any authorized person with an official power of attorney certified by the home country of the worker, and the embassy of her home country shall be notified.

19. Settlement of Disputes

A. The worker may file a complaint with the labor union committee that is mediating between the worker and employer to settle the dispute. If the labor union committee fails to settle the dispute within five days, the worker may have recourse to the General Trade Union of Workers in Textile, Garment and Clothing Industry to resolve the complaint. If the worker does not wish to refer the matter to the union, he/she may file the complaint with the Ministry of Labor or the wage authority or court of peace, depending on the nature of the dispute and the provisions governing this.

B. The courts of the Hashemite Kingdom of Jordan shall have jurisdiction to decide on any dispute arising in relation to the application, implementation or interpretation of this contract. Claims shall be filed before the competent court located in the place of employment.

20. Labor Law

The provisions of the Labor Law shall apply to the two parties where no explicit stipulation is mentioned in this contract.

21. Declaration

The employer and worker declare that they fully understand the provisions of this contract. Both parties signed the contract and each kept a copy of it.

Signature of Employer

Date . . . . . / . . . . . / . . . . . (day, month, year)

Signature of Worker

Date . . . . . / . . . . . / . . . . . (day, month, year)

7/7

Membership Form for the General Trade Union of Workers in Textile, Garment and Clothing Industry in accordance with the Unified Work Contract for non-Jordanian workers in the clothing industry sector

The union protects the interests of workers in textile, garment, and clothing and defends their rights. It also works to improve the workers' economic, professional, and cultural standards. In the case of a dispute between the worker and the employer, the union negotiates with the employers and government entities to claim the rights of workers affiliated with it. The union guarantees for its members a suitable work environment through monitoring their work conditions.

The union membership fee is 0.5 dinar a month (total of six dinars a year) and is directly deducted from workers' wages monthly.

Your signature of this form indicates your agreement to deduct the amount of 0.5 dinars. Name:

Date / Signature:

Remember you can always:

- **Read the contract and ask a friend to help you understand complicated terms.**
- **Ask questions if you do not understand any part of your contract.**
- **Never sign a contract or any other document if you do not know what it states.**
- **Keep a copy of your contract in a safe place.**

TRAINING AID B2.2

Questions to understand your work contract

- What is the name of my employer?
- What is my employer's address?
- What is my employer's phone number?
- What are my daily duties?
- Who is my boss?
- How long will I work here?
- How often will I be paid? Weekly? Monthly?
- Will I be paid on the same day each time?
- Will I get written record of each payment?
- Will I be paid in cash or will the money be deposited in a bank account?
- If I work overtime, will I be paid extra? How much?
- Am I expected to pay any deductions to my employer? How much?
- How many hours a day will I work?
- What time do I start and end each day?
- When is my day off?
- How many days of holiday will I be given each year?
- Will I receive safety training?
- Will my employer offer health and accident insurance?
- If I become pregnant will my employer let me continue working and provide maternity protection benefits?

⚠ ATTENTION: **Remember that you can always seek advice from migrant centers and other official agencies. Before signing the contract, an organization might be able to help you understand the terms and conditions of the contract. Later, if you face a problem with your employer, your trade union representative can assist you to resolve it.**

DEFINITION

A payslip is a note given to employees when they have been paid, detailing the amount of pay and other allowances given and the amounts of deductions (tax, insurance, salary advance, etcs.)

Key information in a payslip

General information	Total income	Total deductions
• Company's name and address • Employee's name and address • Employee's number • Month and year • Employee's bank account number (for bank transfer) • National insurance number • Payment method (cash or bank transfer)	• Basic salary • Overtime • Bonus • Allowances: transportation, housing, children, medical • Gross pay • Net pay	• Social insurance • Health insurance • Income tax • Trade union contribution Loan repayment • Salary advance

TRAINING AID B.2.3

Example of a payslip



Company's name:

Employee's number		Employer's name		Date Period covered	National Insurance number
Payment	**Unit**	**Rate**	**Amount (USD)**	**Deduction**	**Amount (USD)**
Basic salary				Social insurance	
Overtime				Health insurance	
Bonus				Income tax	
Allowances				Loan repayment	
Children				Salary advance	
Food				Union contribution	
Housing					
Transportation					
GROSS PAY (USD)				**Total deductions**	
Employees' address				**NET PAY (USD)**	
Payment method					

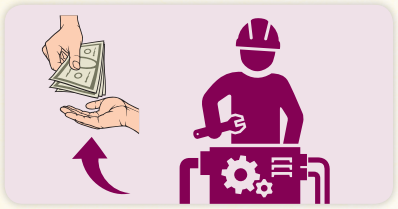
ATTENTION: Payslips are important documents that need to be kept in a safe place. The payslip shows that you have a regular income. You may be asked to show them when you apply for a loan, when you want to rent an apartment or house, or when you apply for a visa.

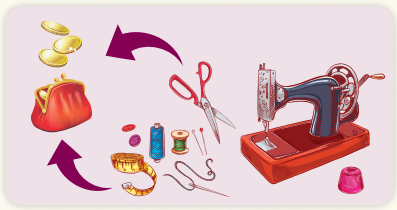
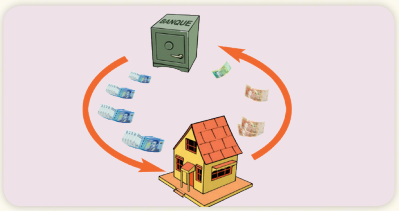
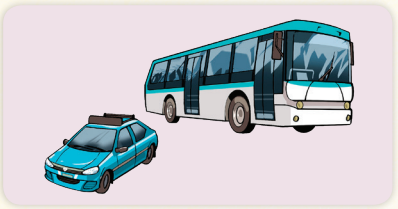
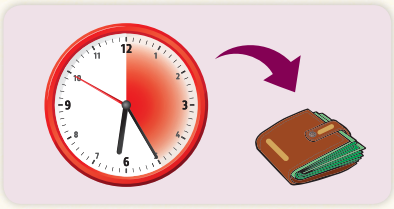
3. CREATE YOUR BUDGET!

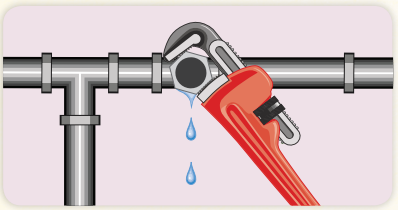


TRAINING AID B.3.1

Images for budgeting
(for groups with poor literacy skills)

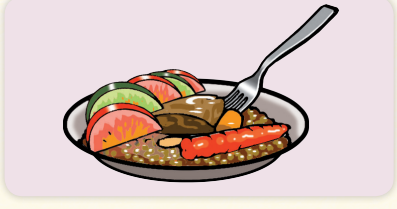
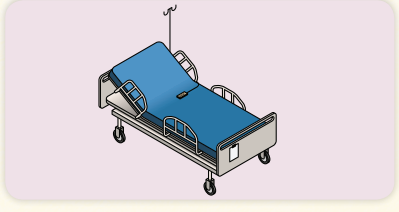








TRAINING AID B.3.2

Character's empty budget



Let's get to know a bit more about Salma and how she creates her budget.

SALMA'S FAMILY BUDGET

SOURCES OF INCOME	Amount
Fixed income	
Contribution from Salma's salary (export factory)	
Sub-total fixed income	
Variable income	
Father's income as an agricultural daily worker	
Mohamed's income as an agricultural daily worker	
Sister's income from the market	
Sub-total variable income	
TOTAL INCOME	

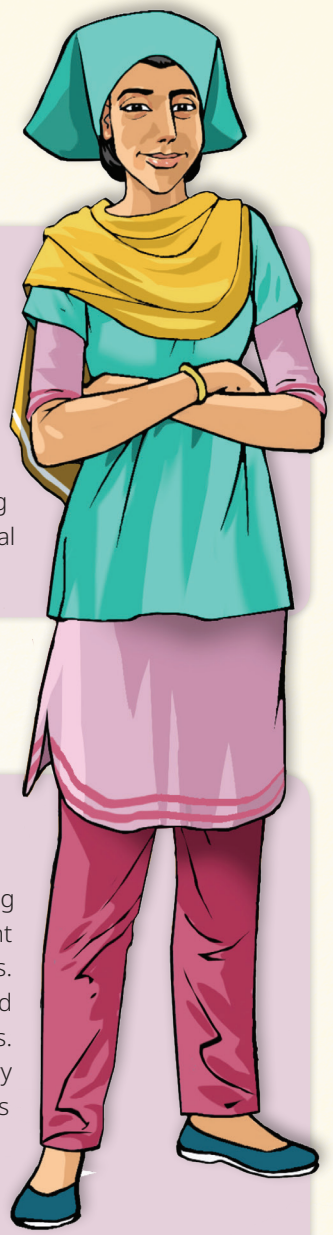
EXPENSES	
Essential expenses (needs)	
Rent	
Gas, water, electricity	
Food	
Transport	
Health care / medicines	
Communication (telephone bills)	
Sub-total (needs)	
Optional expenses (wants)	
Sub-total (wants)	
TOTAL EXPENSES	

TOTAL EXPENSES (Needs and wants)	
INCOME MINUS EXPENSES (SAVINGS)	



Case Study N°5

SALMA'S FAMILY BUDGET – PART 1



Yesterday was the last day of the month and Salma decided to review how she will use her income this month. Like every month, her net salary was 350 USD. Like previous months, Salma decided to contribute 250 USD to the family expenses back in Bangladesh, and kept 100 USD for herself, for her personal budget.

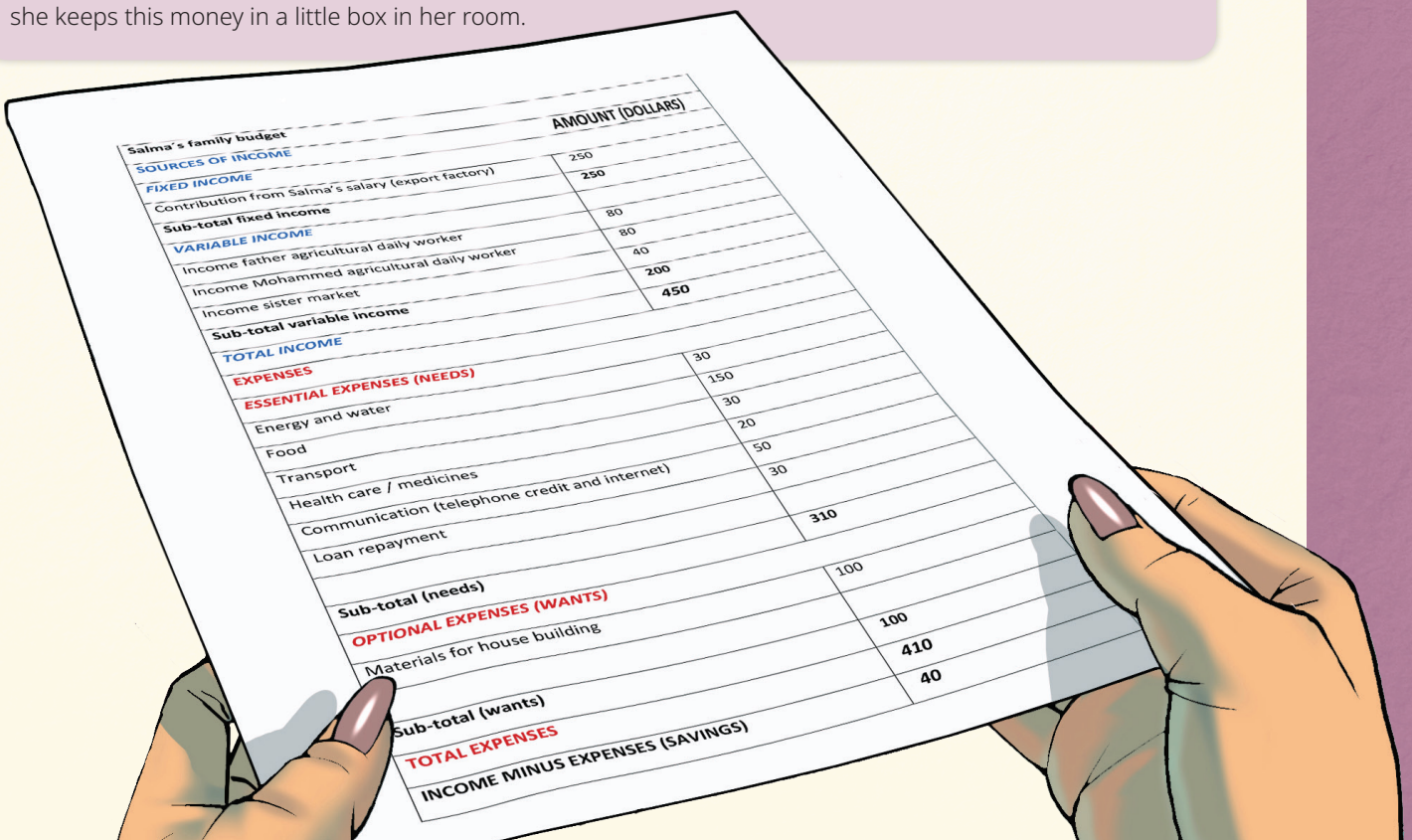
According to her family in Bangladesh, this month, they will also count the following amounts in their income: 80 USD for each her father and Mohammed as agricultural daily labourers and 40 USD her sister earned selling products in the market.

Case Study N°6

SALMA'S FAMILY BUDGET – PART 2

When Salma and her family back home have reviewed their income for the following month, they begin to plan how they will spend the money. They don't have to pay rent as they own the little house. For energy and water, they plan to spend 30 Dollars. For food, they estimate 150 Dollars, for transport 30 Dollars and for health-related expenses 20 Dollars. Their pre-paid cell phones charge comes to around 50 Dollars. They will spend 30 USD for the repayment of a loan they took to buy a bicycle. Every month they set aside USD 100 to continue expanding their house. They use this money to buy materials.

After sending USD 250 to her family, Salma keeps USD 100 of her net income for her expenses in Jordan. This month she calculates her personal expenses for the following month: 10 USD for toiletries, 30 USD for data bundles for her phone, 20 USD for food she buys on top of the one provided by the factory and other extras such as money transfer operator fees. She also keeps 20 USD for expenses she might want to do on her free days. She tries to save 20 USD every month and she keeps this money in a little box in her room.



Salma´s family budget	AMOUNT (DOLLARS)
SOURCES OF INCOME	
FIXED INCOME	
Contribution from Salma's salary (export factory)	250
Sub-total fixed income	**250**
VARIABLE INCOME	
Income father agricultural daily worker	80
Income Mohammed agricultural daily worker	80
Income sister market	40
Sub-total variable income	**200**
TOTAL INCOME	**450**
EXPENSES	
ESSENTIAL EXPENSES (NEEDS)	
Energy and water	30
Food	150
Transport	30
Health care / medicines	20
Communication (telephone credit and internet)	50
Loan repayment	30
Sub-total (needs)	**310**
OPTIONAL EXPENSES (WANTS)	
Materials for house building	100
Sub-total (wants)	**100**
TOTAL EXPENSES	**410**
INCOME MINUS EXPENSES (SAVINGS)	**40**



TRAINING AID B.3.3

Character's family budget

SALMA'S FAMILY BUDGET

SOURCES OF INCOME	Amount (Dollars)
Fixed income	
Contribution from Salma's salary (export factory)	$250
Sub-total fixed income	**$250**
Variable income	
Father's income as an agricultural daily worker	$80
Mohamed's income as an agricultural daily worker	$80
Sister's income from the market	$40
Sub-total variable income	**$200**
TOTAL INCOME	**$450**

EXPENSES	
Essential expenses (needs)	
Energy and water	$30
Food	$150
Transport	$30
Health care / medicines	$20
Communication (telephone credit and internet)	$50
Loan repayment	$30
Sub-total (needs)	**$310**
Optional expenses (wants)	
Materials for house building	$100
Sub-total (wants)	$100
TOTAL EXPENSES	**$410**

INCOME MINUS EXPENSES (SAVINGS)	**$40**

TRAINING AID B.3.4

Character's personal budget



SALMA'S PERSONAL BUDGET

SOURCES OF INCOME	Amount (Dollars)
Fixed income	
Net salary	$350
Sub-total fixed income	**$350**
Variable income	
Sub-total variable income	0
TOTAL INCOME	**$350**

EXPENSES	
Essential expenses (needs)	
Contribution to the family budget	$250
Toiletries	$10
Data bundles	$30
Extras (food, fees remittances, others)	$20
Sub-total (needs)	**$310**
Optional expenses (wants)	
Extra expenses free days	$20
Sub-total (wants)	**$20**
TOTAL EXPENSES	**$330**

INCOME MINUS EXPENSES (SAVINGS)	**$20**

QUESTIONS

- Have you already created a budget?

☐ Yes ☐ No

- If yes, have you written it down or only kept it in mind?

☐ Written down ☐ Kept in mind

DEFINITION

A budget is a tool to decide, to plan and to use your money to achieve your goals.

⚠ IMPORTANT: **If you are not doing well or you feel a bit sad at the moment, creating a budget can be an overwhelming task to do. Talk about how you feel with your loved ones or someone you trust and try to find support to start doing your budget little by little. Do not put a lot of pressure on you!**

EXERCISE

You have seen during the training how Salma and her family create their budget. Now it is your turn! Create your own budget!

Be careful! The line « Income – expenditures » at the bottom of the table must be positive. If it is not, it means that you don't have enough income and not enough money for all your expenses. It also means that you don't have any money to save to achieve your goals.

If you're forecasting big expenses in a few months, start saving some money anytime you can, so that you can afford these big expenses and stay within your budget.



TRAINING AID B.3.5

My budget

MY BUDGET

SOURCES OF INCOME	Amount
Fixed income	
Sub-total fixed income	
Variable income	
Sub-total variable income	
TOTAL INCOME	

EXPENSES	
Essential expenses (needs)	
Energy and water	
Food	
Transport	
Health care / medicines	
Communication (telephone credit and internet)	
Loan repayment	
Rent	
Sub-total (needs)	
Optional expenses (wants)	
Sub-total (wants)	
TOTAL EXPENSES	

INCOME MINUS EXPENSES (SAVINGS)	

Let's continue with Salma's case



Case Study N°7

SALMA´S FAMILY BUDGET (PART 3)

It seems Salma's family is facing some issues. Even though they carefully planned their budget, this month things are not looking good. Salma's contribution to the family budget remained the same, but the variable sources of income changed. Both Mohammed and Salma's father were not hired as many days as promised due to problems in the farm. They both had an income of USD 70. Salma's sister income got hit by COVID-19 restrictions, so she could only make USD 20, as the market was closed for half of the month, due to positive cases.

Because they spent a lot of time at home, this month their expenses increased. Their energy and water bills increased to USD 40. On top of that, their food expenses also increased to USD 180, due to shortages and increased prices, and also because they stayed more time at home.

NOTES



TRAINING AID B.3.6

Character's adjusted budget

SALMA'S FAMILY BUDGET

SOURCES OF INCOME	Amount
Fixed income	
Contribution from Salma's salary (salary export factory)	$250
Sub-total fixed income	**$250**
Variable income	
Father's income as an agricultural daily worker	$70
Father's income as an agricultural daily worker	$70
Sister's income from the market	$20
Sub-total variable income	**$160**
TOTAL INCOME	**$410**

EXPENSES	
Essential expenses (needs)	
Energy and water	$40
Food	$180
Transport	$30
Health care / medicines	$20
Communication (telephone credit and internet)	$50
Loan repayment	$30
Sub-total (needs)	**$350**
Optional expenses (wants)	
Materials for house building	$100
Sub-total (wants)	**$100**
TOTAL EXPENSES	**$450**

INCOME MINUS EXPENSES (SAVINGS)	**-$40**

KEY MESSAGES

- There is a tool used to manage your income – a budget.
- To create your budget, you need to calculate your income and expenses. With this calculation, you can define your savings capacity, meaning how much you can set aside each month.
- In case of emergencies or changes in your financial situation, you will have to adjust your budget to be able to cover all your expenses and save for your goals.
- A budget can help you to decide how to spend your money and save to reach your goals.



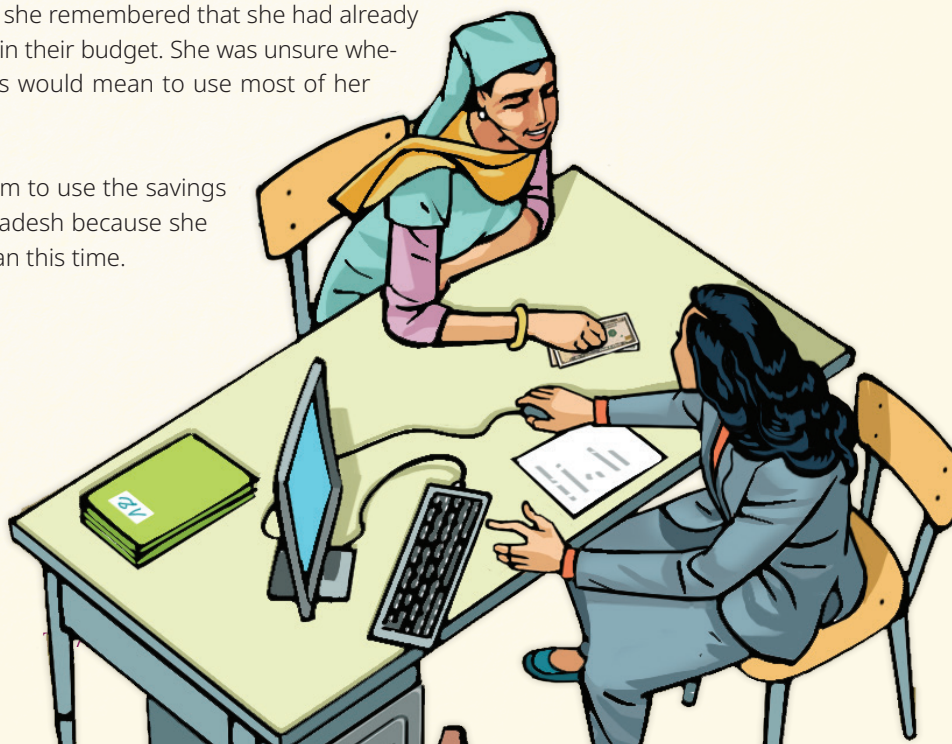
4. KEEP TRACK OF AND STAY WITHIN YOUR BUDGET

Case Study N°8

SALMA'S BUDGET MANAGEMENT

Last month Salma explained again to her parents how much money she would send them. Yesterday, Salma received a phone call from her family: her parents asked her to send more money because they were hit they were hit by a big storm and the roof of their house needed to be repaired immediately. Salma hesitated: she remembered that she had already sent her family the amount allowed for in their budget. She was unsure whether to send them more money as this would mean to use most of her local savings in Jordan.

She spoke with her family and told them to use the savings they have in the local account in Bangladesh because she could not send more money from Jordan this time.







Case Study N°9

MALAK'S BUDGET MANAGEMENT

Last month Malak realized that her numbers were very tight, and she should always keep an eye on her expenditures. Yesterday, Malak received a phone call from her cousin Haya. She asked to borrow some money as her daughter was seriously ill and needed expensive medicine. Malak hesitated: she remembered that she had no spare money in her budget. While thinking about this she remembered her cousin had helped her so many times that she could not refuse. Later that week, Malak's phone started having problems. Malak did not have enough money to repair it and Haya still did not have the money to pay her back. Malak had to borrow money from her friend Aisha.

QUESTIONS

- What did Malak do to stay within her budget?

There are many ways to make sure you stay within your budget. You can use a spreadsheet, like Malak, or an app, like a lot of people are starting to use!

Let's get to know a way to stay within your budget.

IMPORTANT: Routines can be good for maintaining good mental health when things are not going great. Keeping track of your budget can be a good exercise to focus and check how you are doing in terms of staying within your budget.

NOTES

TRAINING AID B.4.1

Income tracking sheet

INCOME TRACKING SHEET

Name:

Month:

Year:

DATE	DESCRIPTION OF SOURCE OF INCOME	AMOUNT OF INCOME

TRAINING AID B.4.2

Expense tracking sheet

EXPENSE TRACKING SHEET

Name: _____

Month: _____

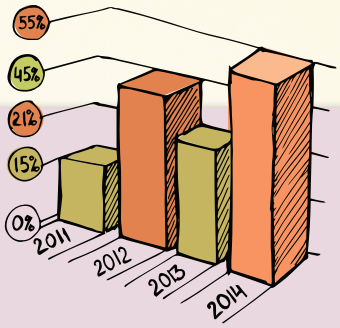
Year:

DATE	DESCRIPTION OF EXPENSE ITEM	AMOUNT SPENT	PLANNED OR UNPLANNED	
			YES	NO
			☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐
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			☐	☐
			☐	☐
			☐	☐

TOTAL EXPENSES	
TOTAL INCOME	
SAVINGS (= INCOME – EXPENSES)	

TIPS TO STAY WITHIN YOUR BUDGET

- Remind yourself often of what you planned to spend.
- Put in the budget something for unexpected spending needs.
- Keep savings out of reach so you do not spend them.
- Keep track of what you spend.
- Make sure you do not spend more than is budgeted.
- If you spend more on one item, spend less on something else.
- Make a list of ways to cut planned expenses.
- Get the family to participate in developing and sticking to the budget.





TRAINING AID B.4.3

Transaction Cards
Character's family

SALMA'S FAMILY

On February 1st Salma receives her monthly salary.
She sends home USD 250

SALMA'S FAMILY

On February 1st Salma's father gets paid all the days worked last month.
He gets USD 80



SALMA'S FAMILY

On February 1st Mohammed gets paid all the days worked last month. He gets USD 80

SALMA'S FAMILY

On February 1st Salma's sister checks how much money she made last month in the market. It is USD 40

SALMA'S FAMILY

On February 1st, they pay the bill of USD 30 for energy and water.

SALMA'S FAMILY

On February 1st they separate USD 150 in an envelope for food expenses to be used throughout the month

SALMA'S FAMILY

On February 2nd they separate USD 30 in an envelope for transport expenses

SALMA'S FAMILY

On February 10th they had to pay USD 20 for medicines

SALMA'S FAMILY

On February 12th they have to recharge their cell phones balance. It costs them USD 50

SALMA'S FAMILY

On February 15th they pay back USD 30 for the loan they took to buy a bike

SALMA'S FAMILY

On February 1st they spend USD 100 to buy materials for the home construction they are planning

SALMA'S FAMILY

On February 15th Salma's family needs to repair the water heater for USD 20

EXERCISE

You can use the two above sheets called "Income and expense tracking sheets" to monitor income and expenses. Let's check what happened with Salma and her family.

INCOME TRACKING SHEETS

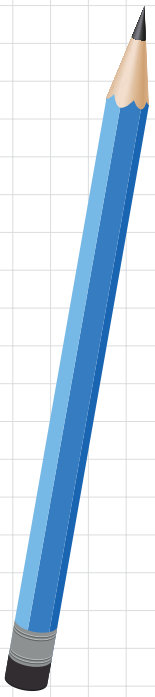
Name: Salma's family
Month: February
Year: 2022

DATE	DESCRIPTION	AMOUNT OF INCOME
1.2.22	Salma's father income	80
1.2.22	Salma's contribution	250
1.2.22	Mohamed's income	80
1.2.22	Salma's sister income	40
TOTAL INCOME		450

EXPENSE TRACKING SHEET

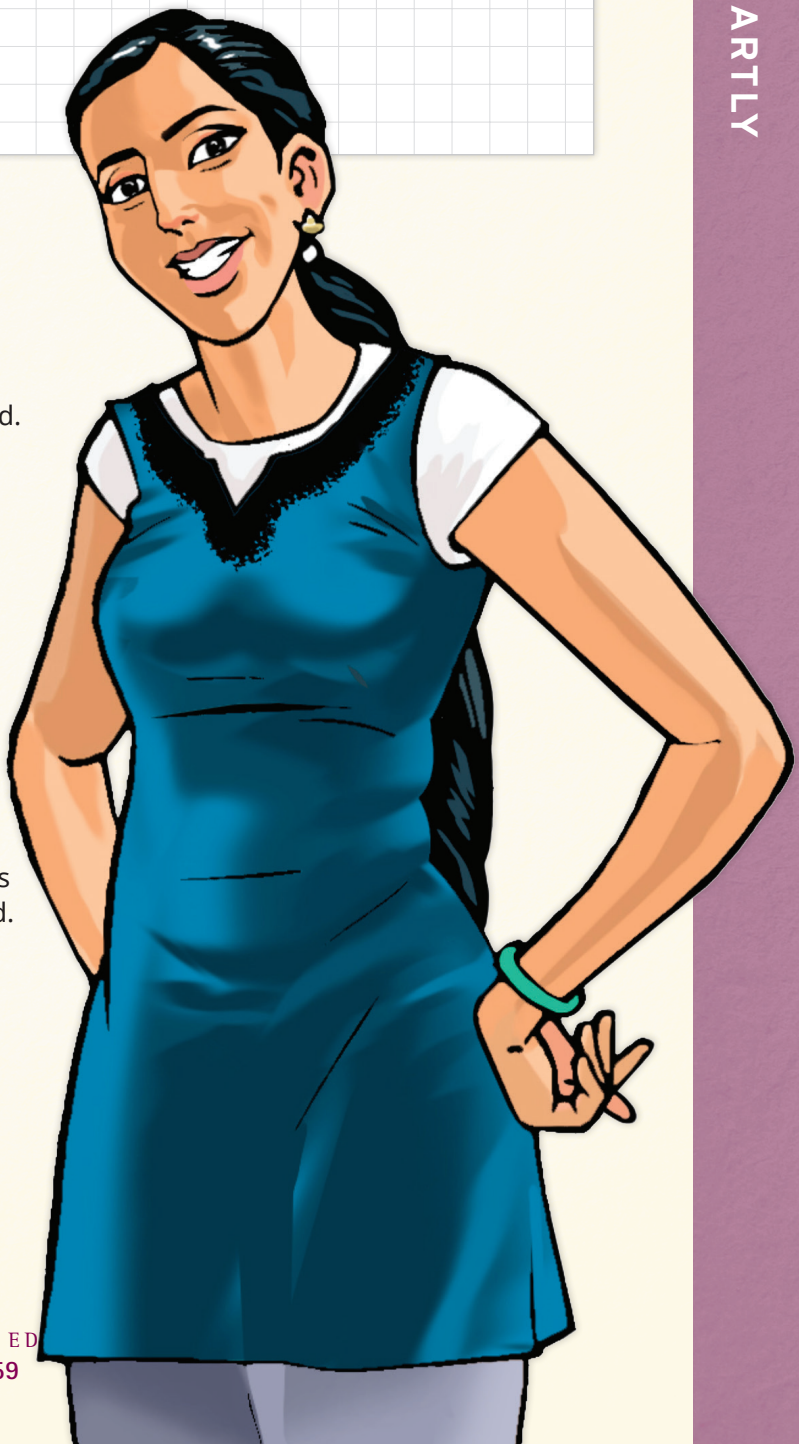
Name: Salma's family
Month: February
Year: 2022

DATE	DESCRIPTION OF EXPENSE ITEM	AMOUNT SPENT	PLANNED OR UNPLANNED	
			YES	NO
1.2.22	Energy and water	30	☒	☐
1.2.22	Food expenses	150	☒	☐
2.2.22	Transport	30	☒	☐
10.2.22	Medicines	20	☒	☐
12.2.22	Cell phones	50	☒	☐
15.2.22	Loan	30	☒	☐
15.2.22	Materials home construction	100	☒	☐
15.2.22	Repair water heater	20	☐	☒
			☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐
TOTAL EXPENSES		430		
TOTAL INCOME		450		
SAVINGS (= INCOME - EXPENSES)		20		



Now it is your turn.

In Annexes and key documents at the end of this module you will find Income and Expense tracking sheets that you can use to track your own income and expenses. This way you'll stay within your budget and you'll ultimately reach your goals.



KEY MESSAGES

- Remind yourself often what you planned to spend.
- Put in the budget something for unexpected spending needs.
- Get the family to participate in developing and sticking to the budget.
- You need to know your total income. Knowing how much you earn is an important step to take control of your money and allows you to plan ahead for expenses. You also need to know the amount of your total expenses. It is important to control your budget. You can adjust your expenses when you see that you spent more than expected.

Be careful! **If you have irregular income, meaning that every month you earn a different amount, you can create your budget using an average income and then save when you earn more to balance the times when you earn less.**

5. KEEP YOUR FINANCIAL RECORDS



Case Study N°10

PRISHA THROWS SOME RECEIPTS

Prisha buys on credit from a local shop. Every time she makes a purchase, the shopkeeper gives her a receipt for her to keep track of the expenses at the shop. Prisha does not see the point of keeping the receipts, as she always writes down in her diary how much money she spent. One day at the beginning of the month when she needs to cancel her debt with the shopkeeper, he asks for 8 dollars more than what Priya has written in her diary. She tells the shopkeeper that for sure there is a mistake. He claims that there is not and that they can add up the receipts he has given her as a proof. When Prisha tells him that she never keeps the receipts, the shopkeeper tells her that she needs to pay for the total amount. Prisha is upset about not keeping these documents.



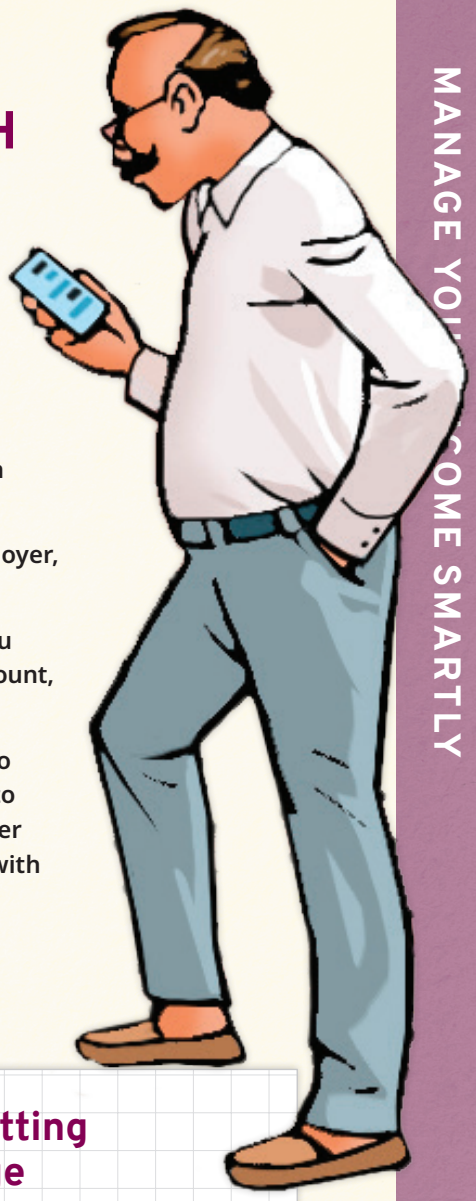
Case Study N°11

MALAK CAN'T FIND SOME BILLS

When Malak and her family receive the electricity bill for their house at the end of each month, Malak goes to the electricity company to make the payments. One day, she discovers that their power supply has been cut off! Very angry, she goes to the company office to complain. At the office, an employee tells her that she has not paid for the past 2 months. She is sure she has paid the bills. However, when they asked her for her proof of payment (the bill stamped "PAID"), she realizes she has thrown the document away. Malak still insists that she has paid for the last two months, but the employee replies that sometimes the computer system fails, and the only solution is to produce the receipted bill (the bill stamped "PAID"). Now she has to pay not only for the past two months, but for the reconnection of the electricity supply. She had not made any provision for this additional expense. She's very worried and does not see any other option than borrowing money so she can pay this bill.

⚠ IMPORTANT: **If you have a lot of worries you might feel that checking your bank account, digital wallet account or even reviewing your spending can be seen as an activity that will cause you more stress and discomfort. But remember: ignoring it or not thinking about money might make things worse in the future.**

6. RECEIVE, ACCESS AND USE YOUR WAGE SAFELY THROUGH DIGITAL MEANS



IMPORTANT

- **As a worker, you should always have a say on the way your wage is paid, either cash or digitally unless:**
  - **there is a law in the country that stipulates the wage payment method or there is a collective bargaining agreement, i.e. an agreement between your employer and your trade union on that matter.**
- **If you are not sure what the situation is, make sure to speak with your employer, your trade union or workers' representatives on this regard.**
- **if your factory is already paying wages digitally or is considering to do it, you should also always have a say as whether you prefer to be paid to a bank account, a mobile money account, or a pre-paid card.**
- **If you already have an account or there are different providers, make sure to understand in detail the different conditions and fees they offer to be able to select the most convenient one. The extent to which your factory might cover some of these costs will depend on your employer. Feel confident to check with your employer!**

Advantages and disadvantages of getting access and using your digital wage

Advantages	Disadvantages
• Faster (no need to queue to receive wages) • Safer (reduce risks of loss, theft, etc) • Less pressure to give money to family/friends/ colleagues • Reduce temptation to spend on unnecessary items (withdraw only amount needed) • Easier to save • Might help in accessing other financial services (savings, credit, transfers, payments) • Provides proof of wage payment • Facilitates management of personal finances (easy access to financial records)	• Fees (to open accounts, cash out money, transfers) • Low availability of ATMs • ATMs not working properly (powercut, out of cash) • Not possible to make digital payments near my home or workplace • Operating systems and customer service not available in my language

Case Study N°12

ACCESSING THE WAGE PAID ON A MOBILE MONEY ACCOUNT

Devi	Hello Jana, I know you work as an accountant in the factory. Can you tell me when I receive my wage this month?
Jana	Hello Devi, of course, all wages were actually paid this morning. But remember, you do not receive your wage in cash anymore. It was paid to your mobile money account.
Devi	Oh, I forgot that! How silly of me.
Jana	It is okay, this is your first time receiving your wage that way.
Devi	Can you remind me how it works now?
Jana	Yes, I can. The first thing you need is your phone.
Devi	Ok here is my phone. What should I do?
Jana	First, check your messages on the mobile money app. I think you have downloaded it already and you should have received a message saying that you were paid.
Devi	Oh yes, I downloaded the app last week. I see now that I have one message from the mobile money app saying that I received my wage. Now what do I do?
Jana	You need to sign in to your mobile money app.
Devi	Okay, I have typed my pin into my mobile money app.
Jana	Great, now you just need to press withdrawal and type in the amount you would like to withdraw from your mobile money account. Remember that you don't have to withdraw your whole wage. Withdraw only the amount that you need now and keep the rest safe in your digital account.
Devi	Okay, you are right. I will only withdraw the money I need for buying airtime and toiletries. I have confirmed my withdrawal and I see that I just received another message from the app.
Jana	That's great. Now after work you can take that message to a mobile money agent or an exchange house, you show them that message and they will give you your money.
Devi	Oh wow, is that easy? It is true that next to the factory there is a mobile money agent?
Jana	Indeed. Because many of the workers are now getting paid digitally, the grocery shop next to the factory is also now a mobile money agent. You can easily withdraw your money there.
Devi	Excellent Jana. This is good. Thanks a lot.

Case Study N°13

ACCESSING THE WAGE PAID ON A BANK ACCOUNT THROUGH AN ATM

Ishan	Hello Fatima, I know you work as an accountant in the factory. Can you tell me when I receive my wage this month?
Fatima	Hello Ishan, of course, all wages were paid this morning. But remember, you do not receive your wage in cash anymore. It was paid to your bank account.
Ishan	Yes, I am aware of that. But I am a bit confused on how I get the money from the bank account.
Fatima	It is okay, this is normal when you start getting your hard-earned money in a different way.
Ishan	Can you remind me first how I check if I actually already have the money on my bank account.
Fatima	Yes, I can. The most important thing you need is your Bank Card. I assume you have received it in an envelope some weeks ago.
Ishan	Yes, I actually received three envelopes. One with all the bank papers, one with the Bank card and a week later I have received a PIN code. I have all with me, but no idea what to do with them.
Fatima	Perfect. Let's go together to the ATM and I will guide you for the first time. For safety reason, it is very important that you learn how to do it by yourself.
	SOME MINUTES LATER
Ishan	So, should I insert the card here?
Fatima	Yes, insert the card. It will ask you for your PIN. Make sure to insert the PIN you have received. Then you will have some options. Among them, one will be Balance Inquiry, another one cash withdrawal and for sure there is one for PIN change.
Ishan	Yes, exactly. I see all of that. I have pressed Balance Inquiry and the amount corresponds to my wage, so it seems in order.
Fatima	Great. So go back to the previous screen and enter the withdrawal menu.
Ishan	Okay. I will withdraw only part of my wages, so I don't get tempted to spend all! I will leave the rest in the account.
Fatima	That's great. Remember, you can change your PIN if you feel the need or you can leave the same one.
Ishan	Enough for today. Actually, I like the PIN I have so I will keep it. This was easy. Thanks a lot Fatima.
Fatima	You are welcome.

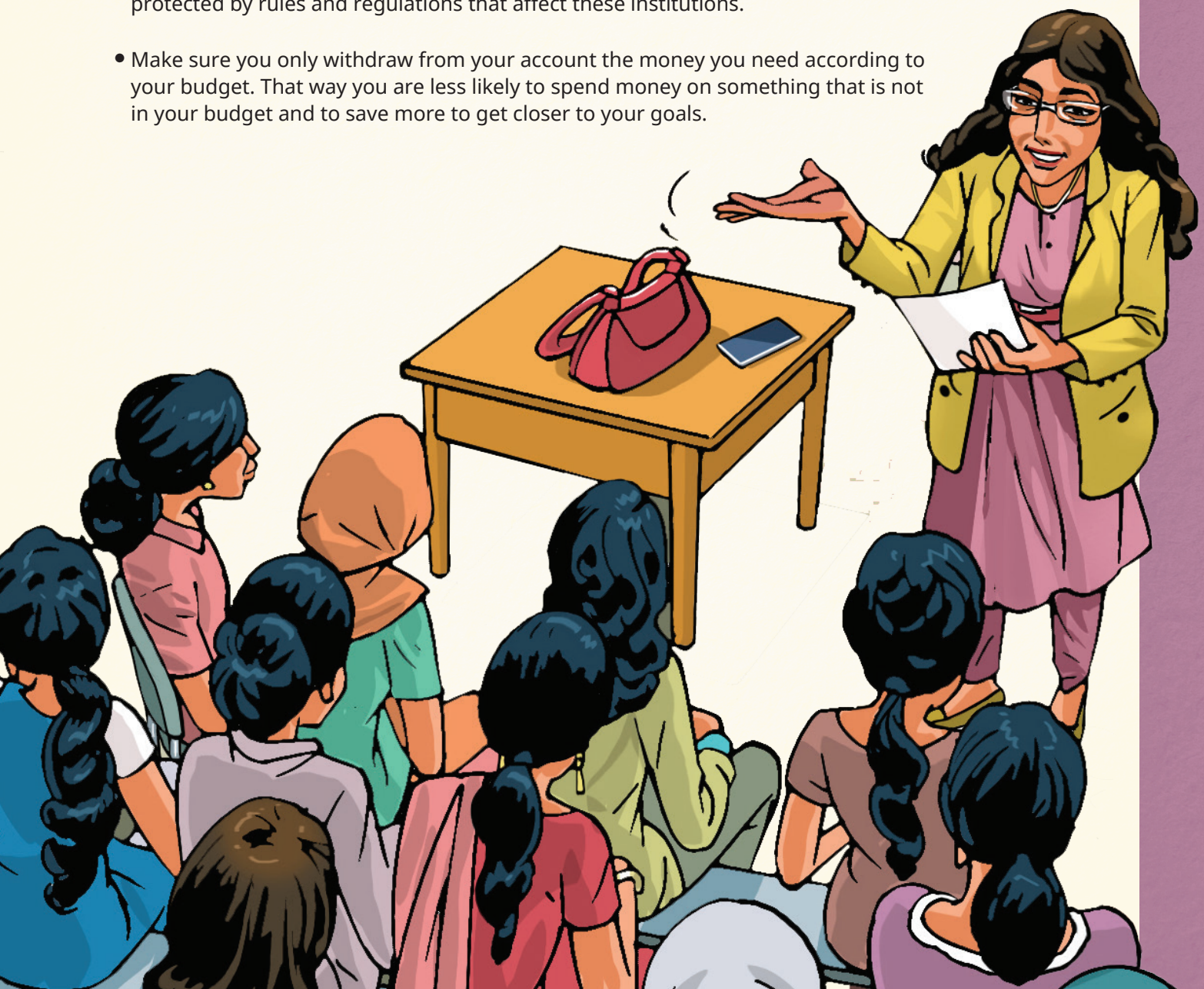
Case Study N°14

ACCESSING THE WAGE PAID ON A PRE-PAID CARD THROUGH AN ATM

Nalin	Hello Samia, I know you work as an accountant in the factory. Can you tell me when I receive my wage this month?
Samia	Hello Nalin, of course, all wages were paid this morning. But remember, you do not receive your wage in cash anymore. It was paid to a pre-paid card as per your preference.
Nalin	Yes, I am aware of that. But I am a bit confused on how I use my card to get the money.
Samia	It is okay, this is normal when you start getting your hard-earned money in a different way.
Nalin	Can you remind me first how I check if I actually already have the money on my pre-paid card.
Samia	Yes, I can. The most important thing you need is your pre-paid card. I assume you have received it in an envelope some weeks ago.
Nalin	Yes, I actually received three envelopes. One with a lot of papers, one with the pre-paid card and a week later I have received a PIN code. I have all with me, but no idea what to do with them.
Samia	Perfect. Let's go together to the ATM and I will guide you for the first time. For safety reason, it is very important that you learn how to do it by yourself.
	SOME MINUTES LATER
Nalin	So, should I insert the card here?
Samia	Yes, insert the card. It will ask you for your PIN. Make sure to insert the PIN you have received. Then you will have some options. Among them, one will be Balance Inquiry, another one cash withdrawal and for sure there is one for PIN change.
Nalin	Yes, exactly. I see all of that. I have pressed Balance Inquiry and the amount corresponds to my wage, so it seems in order.
Samia	Great. So go back to the previous screen and enter the withdrawal menu.
Nalin	Okay. I will withdraw only part of my wages, so I don't get tempted to spend all! I will leave the rest in the account.
Samia	That's great. Remember, you can change your PIN if you feel the need or you can leave the same one.
Nalin	Enough for today. Actually, I like the PIN I have so I will keep it. This was easy. Thanks a lot Fatima.
Samia	You are welcome.

KEY MESSAGES

- When you are paid for your work digitally, you do not receive any wages in cash. It all goes into an account or a pre-paid card that you control. It is a safe way to receive your wage on time.
- Make sure to speak with your employer, your trade union or workers' representatives to understand your own situation regarding digital wage payment. Feel confident to check with your employer!
- If your factory is already paying wages digitally, you should also always have a say as whether you prefer to be paid to a bank account, a mobile money account, or a pre-paid card.
- Getting paid digitally can have many advantages: it is fast, safe, it can make saving easier and might help you get access to other financial services. It can also have some disadvantages: fees, ATMS/cash agents availability and customer service availability in your own language.
- Dealing with formal financial institutions that offer digital financial accounts means that you are protected by rules and regulations that affect these institutions.
- Make sure you only withdraw from your account the money you need according to your budget. That way you are less likely to spend money on something that is not in your budget and to save more to get closer to your goals.



NOTES



C

GET TO KNOW SAVINGS METHODS AND PRODUCTS

FINANCIAL EDUCATION QUIZ

C1. What is in your view the best way to save?

- ☐ **a.** I keep my money at the dorm or my home as it is more convenient.
- ☐ **b.** I deposit my money at the bank as it is safer.
- ☐ **c.** I put my money in the merry-go-round as I have many friends there.
- ☐ **d.** Each method has advantages and disadvantages. I review them carefully before choosing the method that is the most appropriate for my needs.

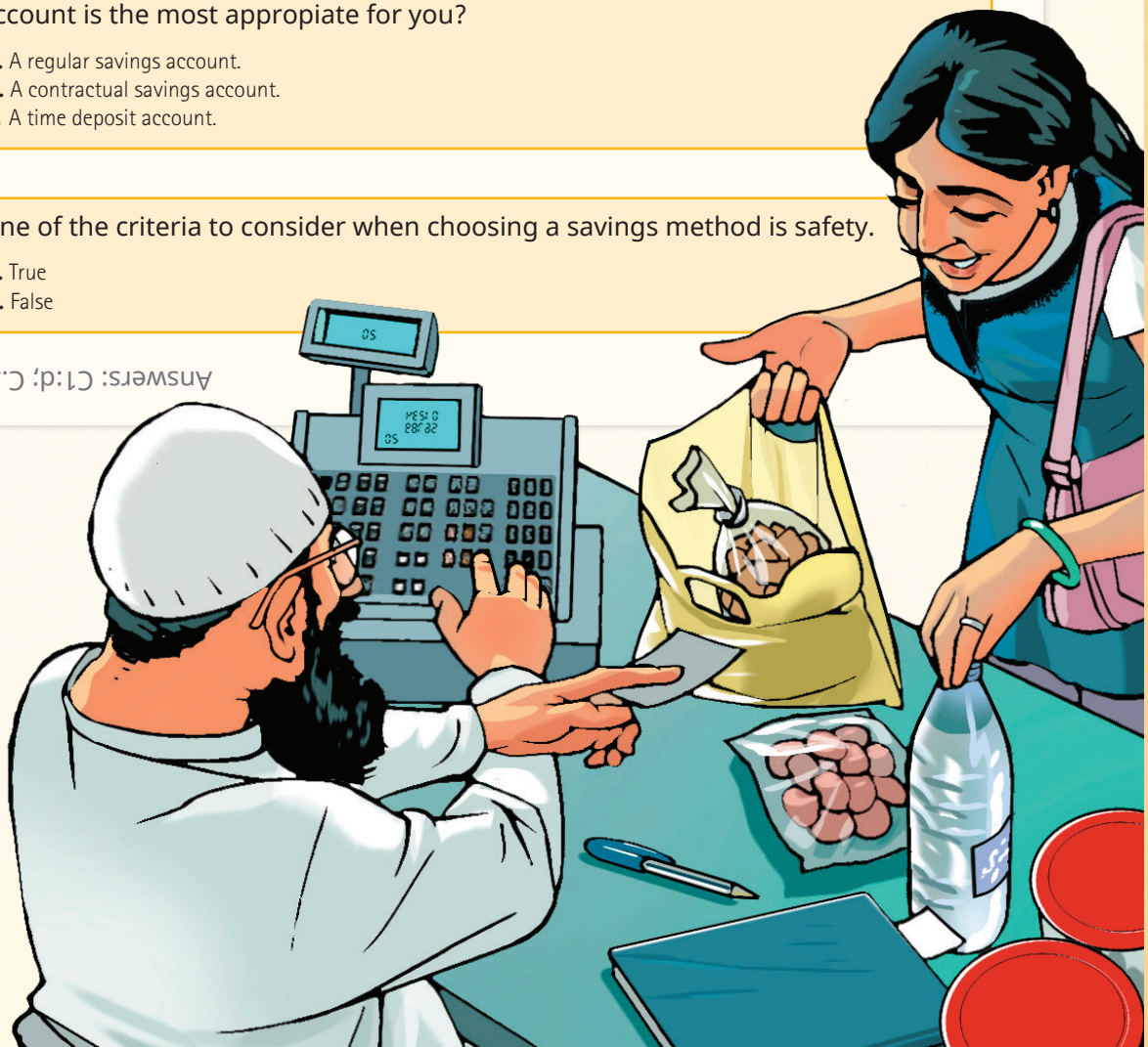
C2. You have some savings and you plan to to use them only next year. What savings account is the most appropiate for you?

- ☐ **a.** A regular savings account.
- ☐ **b.** A contractual savings account.
- ☐ **c.** A time deposit account.

C3. One of the criteria to consider when choosing a savings method is safety.

- ☐ **a.** True
- ☐ **b.** False

Answers: C1:d; C.2:c; C3:a



1. CHOOSE A SAVINGS METHOD!

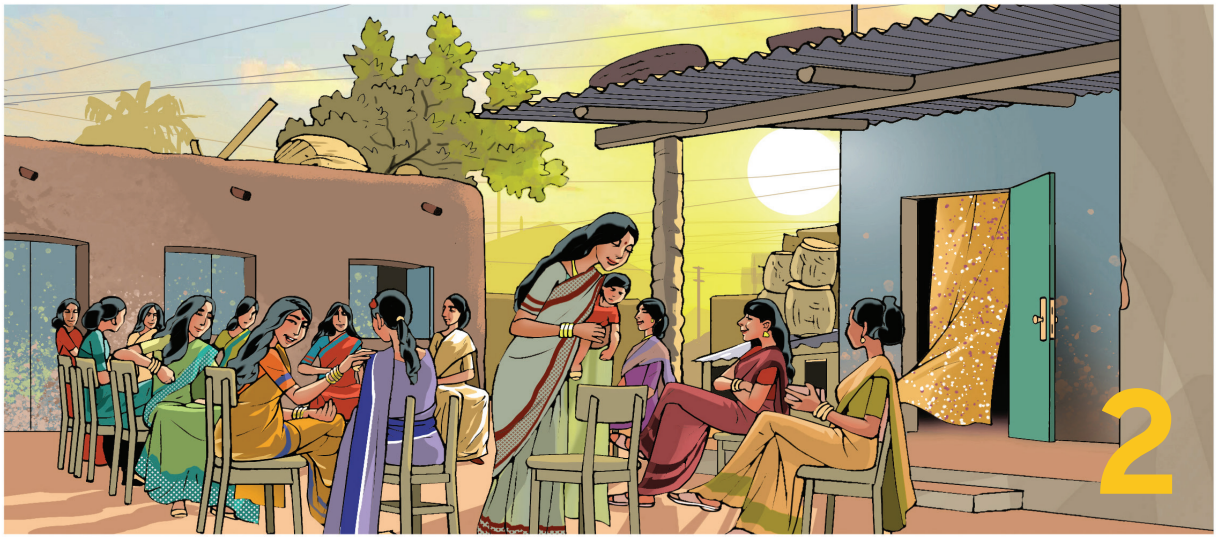
Now that you have created your personal budget (or your family budget), you know how much you can save every month and how much you must save for each of your goals.



TRAINING AID C.1.1
Savings Methods



Salma saves part of her money in a little box in her dorm



Diya, Arjun's wife, saves her money at a local village savings and loans association (VSLA) with other teachers from the school. She likes saving there and meeting the other women in her group regularly.





Malak prefers to keep her savings at the bank close to her house, so that she is not tempted to spend the money she has put aside.



Prisha sends most of her savings back to her family. However, she has formed a group with other workers from her country at the same factory and they run a rotating savings and credit scheme between them.

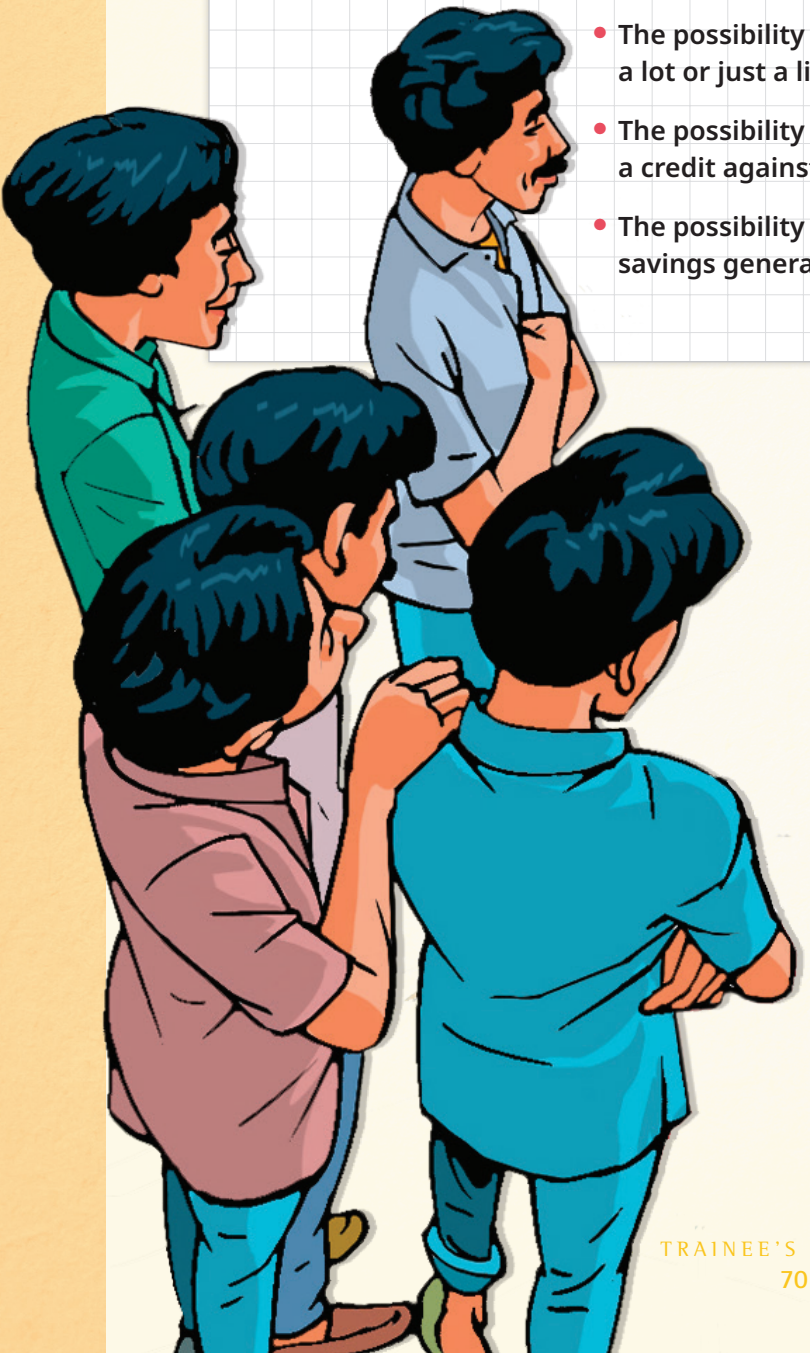
QUESTIONS

- What are the savings methods used by the characters above?
- Are they formal, semi-formal or informal?
- Each method has its advantages and disadvantages. At the end of this module, in the Section Answers to exercises you will find a table that summarizes the advantages and disadvantages of each savings method.

Remember that to include more characteristics in the table, you can think about:

- **The safety of your money there,**
- **The possibility to withdraw your money when you want,**
- **The possible delays to withdraw your money,**
- **The possibility to save a lot or just a little bit of money,**
- **The possibility to avail a credit against your savings,**
- **The possibility that your savings generate some money (interests).**







⚠ **IMPORTANT:** **Choosing a safe savings method can help you feel better. If you are constantly worried about your money's security, think which solutions you have at hand to stop this feeling.**

YOUR TURN!

I know the advantages and disadvantages of several savings methods. Looking at my goals and my budget again, I think the best savings method for my projects is:

My goals	Savings method

KEY MESSAGES

- Saving provides security in the event of an emergency.
- Some needs/emergencies can be foreseen, others cannot. Saving enables you to plan for future needs or projects.
- When everything is going well, saving also enables you to plan for things you would like to do or have.
- You need to be familiar with the different savings methods to choose the one best suited to your needs.



2. SELECT YOUR SAVINGS PRODUCTS WISELY

A savings product is for example, a regular savings account that generates 4% interest or a time (fixed) deposit account for five years.

DEFINITION

A savings product is a savings method for which we know the characteristics, such as:

- Interest rate
- Access to savings / flexibility of withdrawal
- Convenience and ease of use
- Requirements for opening a savings account
- Safety
- Cost of savings (fees to open, manage or close an account, to do transactions)
- Liquidity

Here are the three main savings products offered by financial institutions:

The regular savings account is adapted for when you want to make deposits or access your money any time.

The targeted/contractual savings account is adapted when you want to save a set amount each month for a specified period of time to reach a specific goal (housing, education, marriage, business...). Remember that early withdrawals are either prohibited or penalized.

The time (fixed) deposit account is adapted if you want to make your money grow for longer- term goals (you deposit a lump sum which you promise not to touch for a specific period of time).

Each type of product has advantages and disadvantages (for example, the different interest rates). In the next pages you will find three brochures, one for each of these products. At the end of this module, in the Section Answers to exercises you will find a comparative table that summarizes the information from each brochure.



TRAINING AID C.2.1

Regular savings account

REGULAR SAVINGS ACCOUNT



ACCESS YOUR MONEY
ANY TIME

An easy, simple and convenient way of keeping and withdrawing your money at any time when you need it. Our regular savings account offers flexibility in managing your money. There is no need to pre-inform the bank for deposit and withdrawal. Your capital is guaranteed. It enables you to build up your capital over time, at your own pace.

ADVANTAGES

- A risk-free product
- Your savings are safe
- Interest rate: 1%
- You can deposit money any time, the amount of times you want
- You can withdraw your money any time and without prior notice
- Zero fees in all your operations
- Free of charge for opening and closing your account
- Minimum deposit: 10 USD
- Adapted for emergencies
- Free card to deposit or withdraw from ATMs
- Use any ATM in the country (this might include costs)

TERM:
open-ended



REQUIREMENTS

- Valid ID (national ID, passport or other legal and valid form of identification)
- Proof of residence

TRAINING AID C.2.2

Targeted/Contractual savings account



IF YOU REALLY WANT TO SAVE MONEY

FOR YOUR FUTURE

This account makes your goal of savings much easier. It allows you to make deposits at your own pace, with the option to fulfil your monthly deposit commitments in advance. You can choose from 12 to 48 months with different interest rates.

MAIN CHARACTERISTICS

- Up to 3% yearly interest rate for a 48-month period
- Minimum deposit of 20 USD to open the account
- Free of charge for opening, transacting and closing your account
- Your savings are blocked until the end of the term
- After a certain time, you have automatically access to credits to finance your projects
- If you make anticipated withdrawals, you don't pay fees, but you lose part of the interests

REQUIREMENTS

- Good credit record
- You must show the mean to make the repayments
- Valid ID (national ID, passport or other legal and valid form of identification)
- Proof of residence



TERM: choose from 12 months to 48 months.

TRAINING AID C.2.3

Time (fixed) deposit account

TIME DEPOSIT ACCOUNT



MAKE YOUR MONEY EARN

MORE MONEY

This account helps you gain high interest rates. The money you invest in this account is blocked and it is perfect for your future investments and any substantial expenses you are planning for. The perfect account to not get tempted to use your savings while earning a good return on your capital.

TERM:
from 3 months to 5 years

MAIN CHARACTERISTICS

- Highest interest rate in the market – up to 4%. Rate is fixed and known in advance.
- Minimum deposit: 500 USD
- Free of charge for opening, transacting and closing account
- Flexible deposits: you put money whenever you can
- Penalty for early withdrawals
- Free certificate of deposit
- Build your savings history with us and access credit for your projects

REQUIREMENTS

- Proof of funds origin.
- Valid ID (national ID, passport or other legal and valid form of identification)
- Proof of residence

Now that you know more about the different savings products, help our characters to decide which savings account they should open to help them reach their goals.

TRAINING AID C.2.4

Matching goals to savings products situation cards



MATCHING GOALS TO SAVINGS PRODUCTS SITUATION CARDS

SITUATION 1

Salma is able to consistently save USD 20 every month in a little box in her dorm. Sometimes she feels unsafe to have this money in cash in her room. She knows through a factory manager that now it is possible for her to get paid through a bank account. She wonders whether it would be better for her to save this money in the bank. She does not want to be tempted to spend this money. She is not sure formal institutions will take her as a client, but she wants to give it a try, nonetheless.

What type of savings account can she opt for?

FINANCIAL EDUCATION



MATCHING GOALS TO SAVINGS PRODUCTS SITUATION CARDS

SITUATION 2

Arjun's transfers every month into Diya's bank account. While most of the money is used to repay debts and essential needs, they keep a tiny portion as savings in the account and another part Diya deposits in her VSLA every month. They have many objectives, the most important one being to save enough for having their own house. They do not want to get tempted to use their money for other purposes. If possible, they would like to earn the highest possible rate of interest.

What type of savings account can they opt for?

FINANCIAL EDUCATION



MA[illegible]ALS TO SAVINGS PRODUCTS SITUATION CARDS

SITUATION 3

Malak has been doing a lot of extra hours lately and saving up consistently over the last months to buy the materials needed to build an extra room in her house. She knows she does not use this money for another purpose and she also knows that she will not be able to have all the money she needs until next year.

What type of savings account can she opt for?

FINANCIAL EDUCATION



MATCHI[illegible]TO SAVINGS PRODUCTS SITUATION CARDS

SITUATION 4

Prisha saves every month. Most of her money is sent home but she does keep a small part in Jordan, that she usually channels into a savings group with other friends. She knows through a migration center she attends regularly that now it is possible for her to get paid through a bank account. She wonders whether it would be better for her to save this money in the bank instead of continue using the group. She does not want to be tempted to spend this money and wants to keep it safe. She is not sure formal institutions will take her as a client or if she will understand all the papers needed to open an account, but she wants to give it a try, nonetheless.

What type of savings account can she opt for?

FINANCIAL EDUCATION

TIPS

Each type of product has its advantages and disadvantages (for example, a different interest rate). To choose a savings product, you must not only know the characteristics of different products. You should also know yourself well by asking the following:

- *Your personal situation:* what is your income? Your expenses (including the repayment of a debt)? How much did you save? How much do you put aside when all is well? How much could you set aside by managing your money better? If you are an immigrant or a citizen living abroad, can you open a savings account in a financial institution?
- *Your goals:* for what purpose do you want to save? For emergencies? To study? To invest in creating a business? For your return home? For accommodation? For retirement?
- *Your horizon:* for how long do you want to save / block your money?
- *Your behaviour:* do you want to take risks or not? Don't go into risky investments if you are not familiar with financial markets!

Beware of false advertisements! Remember that no savings product can assure you high returns without risk, especially in a short time.

What questions to ask a financial institution before selecting your savings product?

- *Can I make withdrawals when I want?*
- *What is the interest rate?*
- *Do I need to pay taxes on the interest rate? If so, how much?*
- *May I take out loans against my savings?*
- *Is the savings schedule flexible? (In other words, do you have to deposit certain amounts at a fixed date?)*
- *Is there a minimum deposit when I open the savings account or a minimum amount that should always be on the account?*
- *Will I be charged for making anticipated withdrawals? If yes, how much?*
- *How would people normally use this type of account?*
- *As a citizen living abroad, can I open an account here? What documents do you ask for?*

KEY MESSAGES

- For every savings goal there is an appropriate savings product.

IMPORTANT: Entering a financial institution to ask these questions might make you afraid or anxious. Remember you can always ask a friend or a colleague to accompany you until you feel confident to go alone.

ANNEXES AND KEY DOCUMENTS

CHARACTERISTICS TO CONSIDER WHEN CHOOSING A SAVINGS METHOD

Ease of access / flexible withdrawals
This refers to how easy or difficult it is for a person to withdraw their savings. For example, how many withdrawals the account holder is permitted to make from his or her account each month, or whether the bank or financial institution has ATMs or branches in all parts of the country (making it easier for the holder to access his or her account).

Convenience and ease of use
Customers like convenience and want to be able to make a withdrawal as quickly as possible. Some people, for example, want their bank to be open at times when they themselves are not at work.

Requirements for opening a savings account
Many people think you need to be well-off to open a bank account. This is not always true. Some banks require only a very small deposit (or none at all) if you want to open a savings account. However, requirements might include national IDs, proof of residence and/or services paid by person that might not be easy to comply for many people, especially Forcibly Displaced Persons.

Safety
When people choose to keep their money at home, there is a risk of it being stolen or lost. Some State-regulated financial institutions provide guarantees for small savers. In other words, if they go bankrupt, you will not lose your savings.

Interest rate and tax advantages
When you save with a formal (or semi-formal) institution, you are rewarded for depositing your money with the institution concerned. The reward, or interest, is generally a percentage of the amount you have deposited. There may also be tax advantages in saving with formal institutions.

Liquidity
Can you withdraw your savings from your account? How and on what terms? If you need money urgently, the method of saving you have chosen must allow you to withdraw all your money within a reasonable period of time. In the case of savings in kind (a property or livestock, for example), you may have to wait days or months before you can sell your asset and get your hands on the cash.

Cost of savings (fees)
Formal institutions may charge you for making transfers, withdrawing money from ATMs, etc. In need of quick access to money, it would be better to have a saving method that allows access to your money with a reasonable delay.

Purpose and goals of your savings strategy
Depending on your reason for saving, some methods will suit you better than others (e.g. to save for a house or apartment, where large sums are involved, a formal method will be more appropriate than a tontine scheme or keeping your money under the mattress).

ANSWERS TO EXERCISES

Savings method	Advantages	Disadvantages
Formal • Banks • The Post Office • Registered microfinance institutions • Registered savings and credit cooperatives • Insurance companies (for long-term savings products such as life insurance) • Fintech/apps • Mobile wallets	• The safest option. • Privacy (no one except the holder of the savings product knows how much is in the account). • Less temptation to withdraw money (easier to refuse requests). • You may receive interest. • You can access other financial products (current accounts, retirement savings accounts, loans, etc.). • A better way of managing your money (savings account statements). • Speeds up the payment of bills. • When the bank operates internet or mobile banking services, you can check your balance and manage your savings 24 hours a day. • Digital providers also allow you to check your balance and manage your savings 24 hours a day. • Many banks operate through Bank Agents that make their services much more accessible.	• Not easily available for low income individuals, illiterate people, and forcibly displaced persons, among others. • Might require IDs or proof of residence not easily available for FDPs. • Bank employees are often sales personnel aiming to sell products, so they may put the interest of the bank first rather than the clients'. • Remuneration rates vary from product to product. It can be very low. • Some products might have minimum deposit required for opening an account that may act as a barrier. • You may have to pay account charges. • A waste of time queuing at the bank. • The different products and charges are complex; fear of making a mistake. • Restricted opening hours (closed evenings and during weekends). • The effects of economic or political instability: financial crises, currency devaluations, blocking of withdrawals, impossibility of getting money out of the country (exchange controls). • Bank agents may have no sufficient funds to serve you. • Not easily available for low income, illiterate people, forcibly displaced persons.



NOTES

Savings method	Advantages	Disadvantages
Semi-formal • Savings groups • Self-help groups • Village banks • Village Savings and Loan Associations (VSLAs) • Unregistered microfinance institutions • Unregistered savings and credit cooperatives • Unregistered loan institutions	• Easy access. • The fact that you are saving often means you can get a loan. • You can earn interest on loans made with savings. • The savings group rules about the frequency and amount of deposits encourage saving. • Discipline. • Makes for solidarity and strengthens social bonds among members.	• Few guarantees. • You cannot be sure of earning interest on your savings. • Limited or no access to loans. • Being able to save or withdraw money is subject to the approval of the members. • Danger that a member will not abide by the rules (e.g. someone might disappear after receiving money from the group). • Depending on the degree of formalization, it may not be possible to appeal to the police if there is a problem. • Danger of the death of a member of the savings group. • You need to be part of a network in order to join a savings group. • Savings groups run a higher risk of failing (no management supervision by the authorities).
Semi-formal • At home (in cash, in a safe or money box). • In kind (gold, jewelry, livestock, land, property, etc.) • Entrusting money to a friend, relative or trader.	• Easy access. • The asset you have acquired may increase in value. • You have to sell your asset to get your money back (subject to the law of the market). • The friend, relative or trader is always available. • There are other advantages to saving in kind: production or sale of milk (in the case of cattle), jewelry can be worn for important events. • If you save in kind (livestock, property) you may be able to earn money (sale of meat/ milk, rent, etc.).	• Not secure: value may fall over the years, risk of theft, sickness or death (in the case of livestock). • There may be a strong temptation to spend (if you keep money in the home). • Difficult to liquidate in case of emergency (selling an asset takes time). • Cost associated with savings in kind: food and veterinary costs for livestock, repairs to property.



Savings products comparative table using fictional brochures

	Regular savings	Contractual savings	Time deposit
Is it possible to open it if you are a migrant?	It seems it is possible	No information provided	No information provided
Is there a minimum deposit when you open the account or whenever you want to pay money in?	USD 10	USD 20	USD 500
Can you make withdrawals at any time? Do they have any costs or penalties?	Yes, at no cost	Yes, but you lose interests	Yes, with penalties
What is the interest rate?	1%	3%	4%
Can you borrow money if you open a savings account?	No	Yes, after some time	Yes, after some time
Is the savings schedule flexible or do you have to deposit certain amounts at a fixed date?	Flexible	It has monthly deposit commitments	Flexible
Can I deposit or withdraw my savings in an ATM?	Yes	No	No

TRAINING AID C.2.4

Matching goals to savings products situation cards



ANSWERS SITUATION 1

Salma should try to open a normal bank account at a bank as she never had one in Jordan, but she knows them from Bangladesh. In that bank account, she would be able to set aside some money each month, that she could then transfer or take to her country.



ANSWERS SITUATION 2

As Diya is already client of a bank and has a regular savings account, Diya could check if a contractual savings account could be available for her.



ANSWERS SITUATION 3

As Malak does not intend on spending this money for at least one year, a fixed term deposit account would enable her to earn the highest possible rate of interest and to protect her money from the temptation to spend it on other things (because penalties are imposed for early withdrawals).



ANSWERS SITUATION 4

Prisha should try to open a normal bank account at a bank as she never had one in Jordan, but she knows them from her home country. In that bank account, she would be able to set aside some money each month that she could then transfer or take to her country when she goes back.



D

USE CREDIT PRODUCTS WISELY

FINANCIAL QUIZ EDUCATION

D1. What do you think is the best way to finance a project?

- ☐ **a.** Borrow money.
- ☐ **b.** Use your savings.
- ☐ **c.** Borrow money and use your savings.
- ☐ **d.** Analyse your needs and resources and choose the best option accordingly.

D2. What is most important when choosing a loan?

- ☐ **a.** The interest rate.
- ☐ **b.** Refund conditions.
- ☐ **c.** No criteria is more important than others, we must study them all and choose the loan and the lender which correspond to our needs and our personal situation.
- ☐ **d.** The lender's geographic proximity.

D3. What is the term that does not belong to credit terms?

- ☐ **a.** Interest rate.
- ☐ **b.** Bail.
- ☐ **c.** Budget.
- ☐ **d.** Penalties.

Answers: D.1:d; D.2:c; D.3:a

1. CHOOSE A METHOD TO FINANCE YOUR PROJECTS

Having studied various savings options in the previous module, we are now going to compare the different possible ways of raising money to achieve our financial goals and finance our projects.

TRAINING AID D.1.1

Stories of financing



STORY FINANCING

SALMA

Salma's parents decide to draw on their savings to buy new mattresses as their old ones got wet after a flooding they faced. The consequence is that part of their savings is used. However, they will not have to pay back a loan or pay interest.

FINANCIAL EDUCATION



STORY FINANCING

ARJUN

Arjun wants to give as birthday present to his older kid a new bicycle. As they are saving for the house, Arjun and Diya decide to sell Arjun's old bicycle to a neighbour. With that money they can buy a small new bike.

FINANCIAL EDUCATION



STORY FINANCING

MALAK

Malak borrows money from a sharia-compliant financial institution to buy the last inputs she needs to build the extra room in her house. The consequence: she will have to pay back the loan and interests as part of a global repayment plan.

FINANCIAL EDUCATION



STORY FINANCING

PRISHA

Prisha needs to replace her phone as hers fell down and broke completely. She does not have enough savings to buy it. She decides to borrow money from another Sri Lankan worker at the factory that always lends money to those that need it. The consequence: she will have to pay back the loan with interest and make sure she does it on time as she has heard this informal lender is very severe with delays.

FINANCIAL EDUCATION

There are generally four ways in which people raise money to fund a project:

1. Sell an asset, like Arjun.
2. Use personal savings, like Salma.
3. Borrowing money from family/friends and other informal sources of credit; like Prisha.
4. Borrowing from a financial institution such as a bank, microfinance institutions, VSLAs or registered savings and credit cooperatives, like Malak.

At the end of this module, in the Section Answers to exercises you will find Training Aid D.1.3, as a table describing the advantages and disadvantages of each financing method.



TRAINING AID D.1.2

The story of two businesses

AMAYRA

You are Amayra, a very good friend of Prisha and you run a small business selling Sri Lankan food in Jordan. Today, you are going to visit your friend, Badra, who also sells local ready-made food.

You ask your friend a lot of questions about how she funds her business. Your friend also wants to know how you go about it.

This is how you have set up and expanded your business:

You started out with USD 500 you had saved up after many years working in an export factory. You also had USD 150. Although your business is very small, you have a plan to expand it little by little.

You try to put aside USD 30 each week in a savings account dedicated to your business, which you recently have opened at the national bank. In this way, every 3 or 4 months you have saved enough money to improve a bit your business (better kitchen utensils to work with, better packaging materials) and expand it. Now you can buy larger quantities of inputs and diversify your production purchases. You have also been thinking about opening a physical shop.

The more profit you make, the more you can save and the bigger the investments you can make in the business.

BADRA

You are Badra and you run a small business selling ready-made food. Your Sri lankan friend Amayra also has a similar shop. Today she is going to pay you a visit.

You would like to know how your friend funds and expands her business.

She also wants to know how you go about it. This is how you have set up and expanded your business:

You started out with USD 1,000 you had saved up and a loan of USD 1,500 from your bank.

This loan enabled you to reform the shop you rent. As of this reform, you were able to receive more clients in your nice shop in a quiet street.

You paid all your weekly expenses on time each week, including the repayments on the loan. But you are able to save only USD 15 each week.

One day, a small shop came onto the market in the busiest avenue of the city. The shop was to rent.

This looked like a good business opportunity: you calculated that your turnover would double if you rented the shop. So, you took a quick decision, in case someone else rented it before you. You therefore borrowed USD 2,500 from your brother-in-law.

QUESTIONS

- How did Amayra and Badra expand their business?
- Which of the two businesswomen is more likely to succeed? Why?
- Which person takes the most risks?
- What advice would you give to Amayra and Badra?

⚠ IMPORTANT: **Having a lot of financial commitments can generate stress and affect your mental health. If you feel overwhelmed do not hesitate to ask for help.**

NOTES

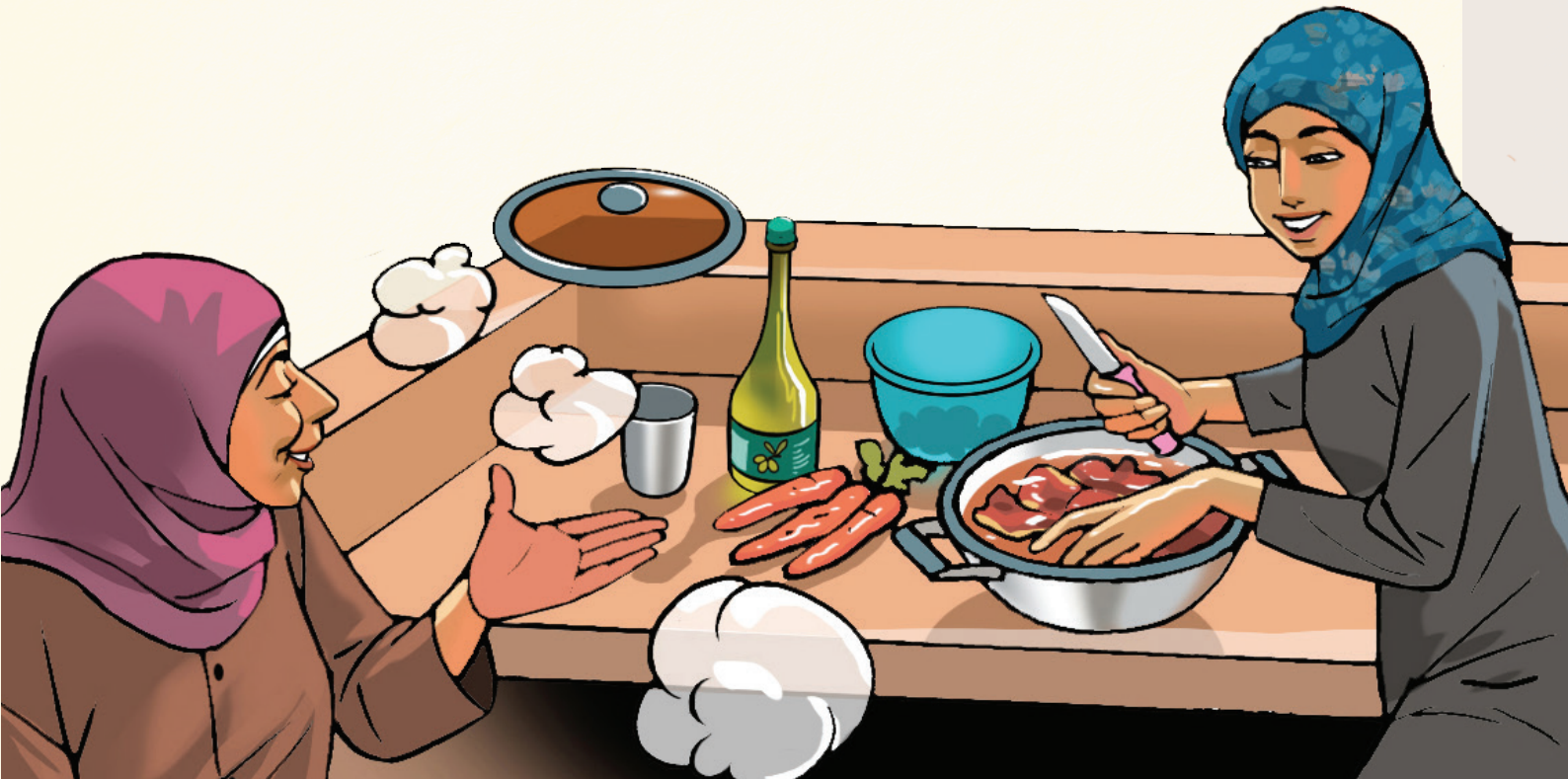
YOUR TURN!

Looking at my goals and budget, I think the best option to finance my goals is:

My goals	Best financing option

KEY MESSAGES

- There are several options to finance your goals.
- Each option has pros and cons. It is important to understand and review them carefully to select the option that matches the best your needs and your personal situations.
- You can also combine several financing options (borrowing and savings).
- Talk about the financing options to your family, in particular the members of your family who are involved in your goals (spouse, parents, children, siblings...).



2. SELECT YOUR CREDIT WISELY!

There are several sources of credit. Some, such as banks, microfinance institutions or specialized loan companies, are part of the formal economy and lay down specific terms for any person or institution wishing to contract a loan. Some try to make it easier to get a loan, even for poorer people.

Others require that you be part of a group, such as a tontine, or that you already have some money saved up.

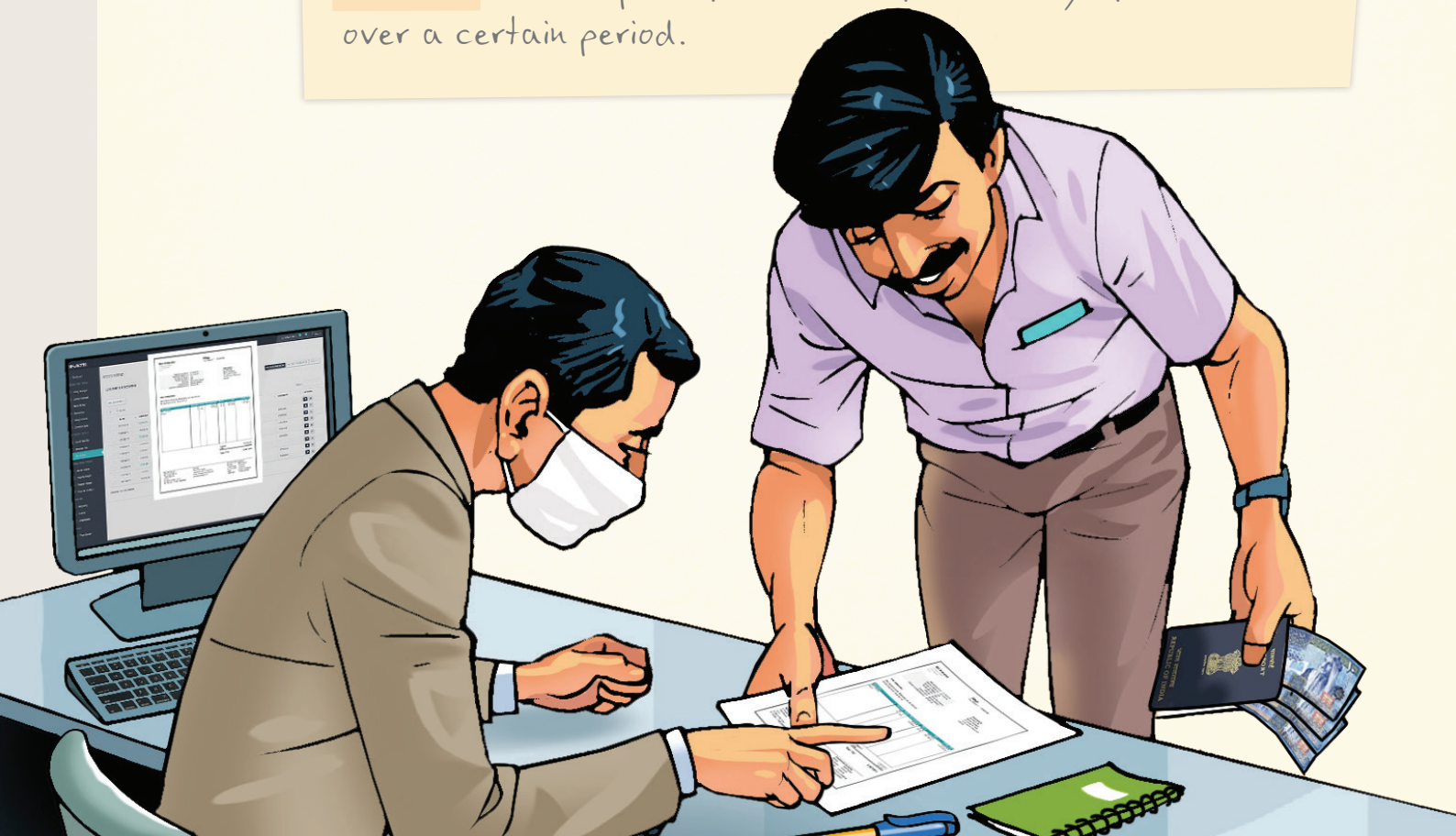


DEFINITION

Loan: The act of giving money, property or other material goods to another party in exchange for future repayment of the principal amount along with interest or other finance charges.

Credit: A contractual agreement in which a borrower receives something of value now and agrees to repay the lender at some date in the future, generally with interest.

Interest: It is the price for the use of the money of the lender over a certain period.



TRAINING AID D.2.1

Terms and definitions associated with credit/loans

Match each credit term with its definition. Do not worry if you are not that sure.

At the end of the module in the section Answers to exercises you will find the right answers.

INTEREST	Professional charged by his clients with finding them the most suitable and/or cheapest loans (generally mortgage loans) from banks and other financial institutions
CREDIT BROKER	The amount of money the borrower pays to the lender, in addition to repaying the loan itself, to be able to use the lender's money
PENALTIES	The amount of the loan granted by the lender, net of interest
PRINCIPAL	Person who will pay off your loan in the event of you failing to do so. This person may be asked to add his/her signature to the agreement with the lender. The guarantee may also be in the form of property
GUARANTOR/ COLLATERAL	Sums the borrower will have to pay to the lender if he/she fails to repay the loan (e.g. seizure of property, a vehicle, savings...)
GRACE PERIOD	Repaying all or part of your loan before the term of the agreement
RETHINK	The proportion of the funding for your project which you possess before borrowing additional sums from the credit institution. This contribution will consist mainly of your liquid assets and savings
EARLY REPAYMENT	Period allowed between receipt of a loan and the first repayment (buy now, pay later)
MORTGAGE	Cancelling a credit agreement without penalty. A "cooling-off period" protecting you against impulse buying
PERSONAL CONTRIBUTION	Pledging a property you own as security to obtain credit from a financial institution. In the event of repayments not being made, the creditor may seize/repossess the property concerned and sell it in order to recover the sum originally lent plus charges. The owner does not lose ownership of a mortgaged property as long as he/she honours his repayment obligations

QUESTIONS

- In your opinion, what shall you analyse when selecting a lender?

Important features to consider when selecting a lender

- Interest rate (fixed or variable)
- Annual Percentage Rate (APR), the true cost of taking the loan (including administrative charges, compulsory insurance)
- The amount you can borrow
- How easy it is to get the loan (e.g. how much you must have saved before a loan can be granted, the amount of the guarantee...)
- Requirements (papers I need to present, chances they would give me a credit)
- How quickly you get the money
- Penalties in the event of late repayment
- Distance from my home
- Methods of debt collection in the event of late payment (legal, intimidation, threats...)
- Grace period
- Obligation to use the loan for a particular purpose (housing, productive investment...)
- Possibility of extending the term or being given a grace period
- Possibility of accessing other financial services: current account, money transfer, debit card, mobile-phone or internet services...)
- Arrangements in the event of death, sickness or a change in the borrower's circumstances



KEY MESSAGES

- To use credit products successfully, you need to understand well the credit terminology.
- The borrower is responsible for repaying the loan according to the repayment schedule.
- Taking out a loan is a serious matter. Don't take it lightly.
- The rich man is the one who pays his debts (proverb)!
- To choose a loan and a lender wisely, you first need to know what products are available and who the lenders are, by gathering as much information as possible. With that information, you will be able to choose the product best suited to your needs.
- Which lender you choose will depend on the nature of your project, i.e. the goal you wish to achieve by taking out a loan.

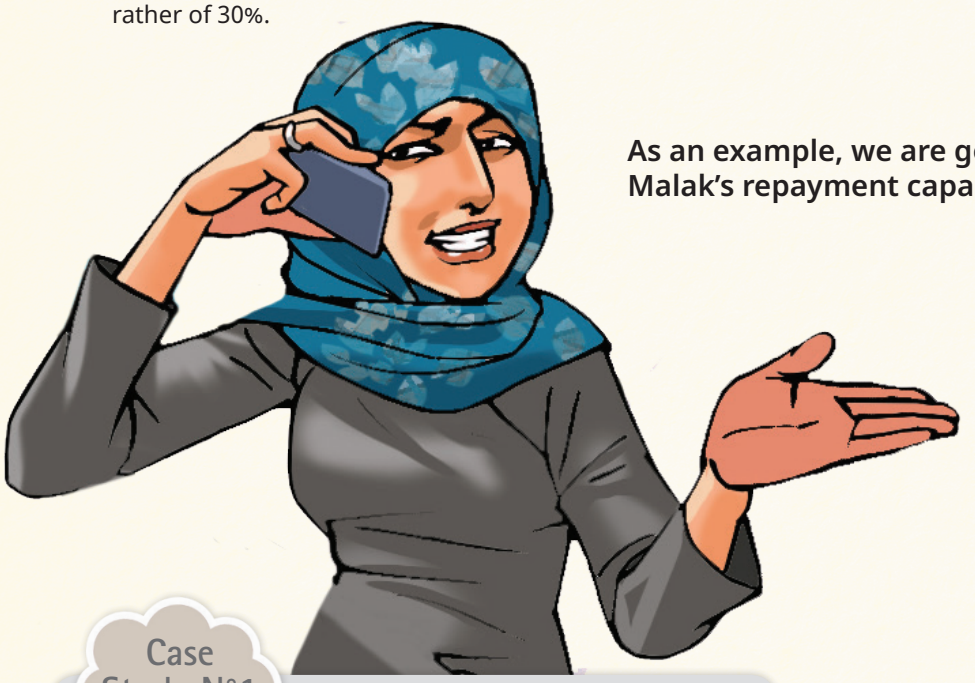
3. CALCULATE THE COST OF YOUR CREDIT

Repayment capacity

Suppose after thinking well, you decided to take a loan to finance your project. Congratulations! You know how much you need, and you feel ready to go and see the financial institutions to find the right product for you. Before you go to see them, you will need to take the time to calculate your ability to repay a credit.

According to the laws in force in many countries, a person cannot repay beyond a percentage of his/her monthly income. Depending on the country, this varies between 30% and 40% of the monthly income. If we exceed this percentage, there is a high risk of over-indebtedness. Moreover, a financial institution giving credit to a person who will have to pay back more than the percentage of his authorized income can be sued.

⚠ **But beware!** This is the maximum percentage tolerated, it is not the advised percentage which is rather of 30%.



As an example, we are going to calculate Malak's repayment capacity.

Case Study N°1

MALAK'S REPAYMENT CAPACITY

After having received a training in financial education, Malak started to be very tidy with her numbers. Her fixed monthly salary is USD 310 (Please note! Variable income, such as overtime payments, which vary from month to month, is not taken into account for the purpose of this calculation).

Monthly income: USD 310.

Monthly capacity to make repayments: 30% of monthly income › USD 93.

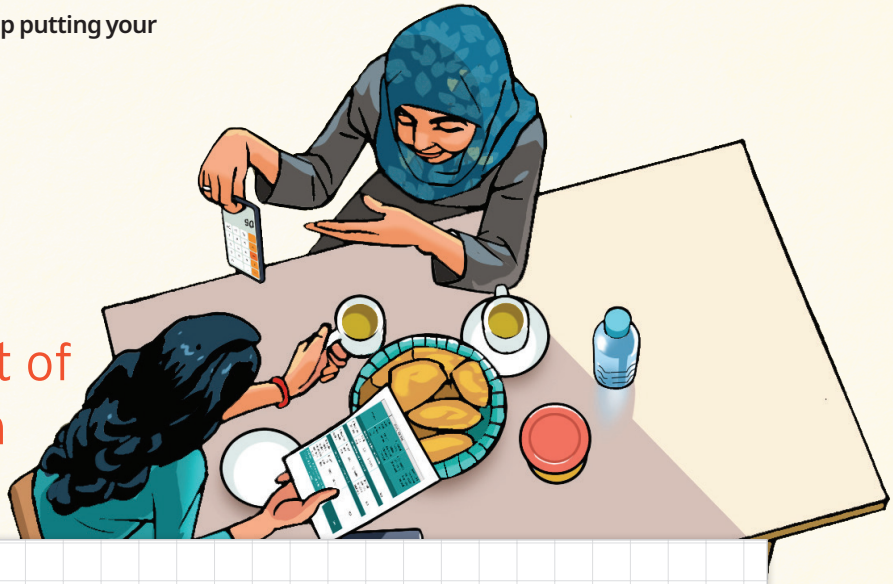
On the basis of this calculation, then, Malak may not undertake to repay more than USD 93 per month (on all the loans he may have contracted).

PERSONAL CAPACITY

Now, over to you! Calculate your own capacity to repay a loan.

Monthly income:	100%
Monthly capacity to make repayments:	30% of monthly income

IMPORTANT: Borrowing money that take into account your repayment capacity will help putting your mind at ease.



TRAINING AID D.3.1

Calculating the cost of the character's loan

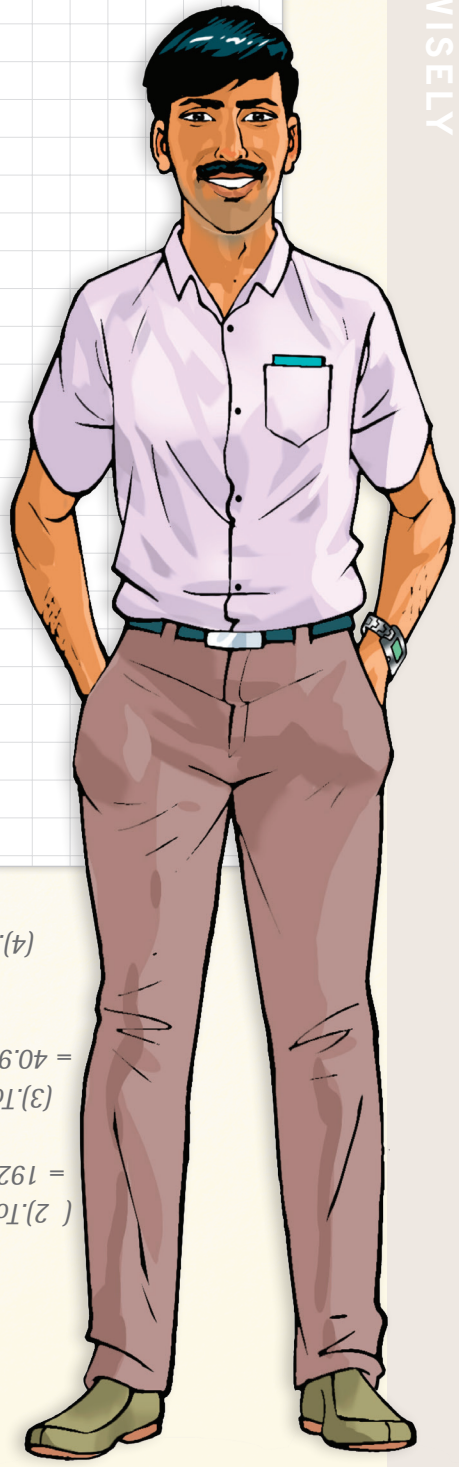
Malak has calculated that she will need USD 1,500 to buy a computer and a table and chair for her new room at her house. She has the following financial products (loans) designed specifically for her needs. She is trying to work out which is the least expensive of the offers.

NAME OF PRODUCT	NATIONAL BANK	MICROFINANCE ASSOCIATION	YOUR BEST CREDIT BANK
Annual Percentage Rate (APR)	6% per annum	8% per annum	5% per annum
Term of the loan	2 years (24 months)	3 years (36 months)	1 year (12 months)
Amount repayable each month (monthly instalments)	USD 66.48	USD 47.00	USD 128.41
Total amount repayable (Term of a loan x monthly instalment)	66.48 x 24 = USD 1,595.54		
Real cost of loan (Total amount repayable minus amount of capital requested by Malak)	1,595.54 –1,500 = USD 95.54		

Over to you! What is the real cost of the loan offered by MICROFINANCE ASSOCIATION?

And the real cost YOUR BEST CREDIT BANK?

Which, then, is the least expensive loan Malak is being offered?



⚠ **Attention!** The cheapest credit is not necessarily the most suitable for Malak needs. For example, it may be more difficult and riskier to reimburse a large sum each month. It depends on how much Malak expects to earn each month.

(4).The correct answer is Your Best Credit Bank

(3).Total amount repayable = 1,540.93 Dollars (128.41 x 12). Real cost of the loan = 40.93 Dollars (1,540.93 – 1.500).

(2).Total amount repayable = 1,692.00 Dollars (47.00 x 36). Real cost of the loan = 192 Dollars (1,692 – 1,500).

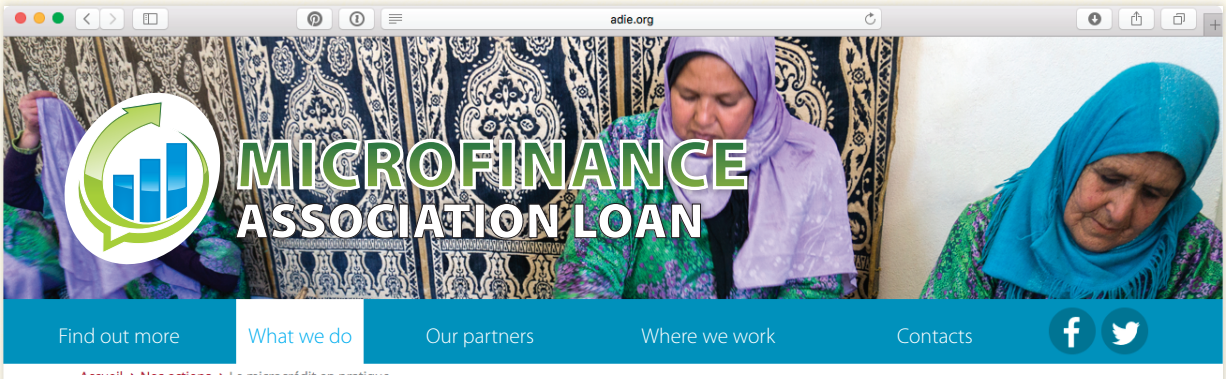
TRAINING AID D.3.2

Made-up brochures advertising loans



NATIONAL BANK

- APR: **6.00%**
- Term of the loan: **2 years**
- Monthly repayments:
  USD 66.48
  (On a loan of USD 1,500)
- Grace period:
  2 years
- Maximum amount of loan:
  USD 5,000
- Conditions:
  - Minimum personal contribution 10% of the cost of the project
  - You must have been a customer of the bank for at least 6 months
- No non-financial services or training courses
- The best loan for your new projects.



- APR: **8%**
- Term of the loan **3 years**
- Monthly repayments: **USD 47**
  (On a loan of 1.500 Dollars)
- Maximum amount of loan: **USD 3,000**
- **Conditions:**
  - Minimum personal contribution 0.
  - You must be a customer of the microfinance association. Very quick and easy registration!
- Personal supervision throughout the repayment period.
- Training courses in business start-ups and financial education.
- The longest term of the market. The lowest instalments.

Come and visit us.

YOUR BEST CREDIT BANK LOAN



YOUR FINANCIAL PARTNER FOR GROWTH AND NEW PROJECTS

- APR: 5.00%
- Term of the loan: 1 year
- Monthly repayments: USD 128.41
  (On a loan of 1 500 Dollars)
- Grace period: 0
- Maximum amount of loan:
  - USD 10,000

- **Conditions:**
  - Minimum personal contribution 20% of the cost of the project
  - You must have been a customer for at least twelve months
  - Cheapest rates on the market
- No non-financial services or training courses for entrepreneurs

TRAINING AID D.3.3

Table summarizing the arguments that influenced the character in choosing a lender and a loan (empty)

FACTORS	NATIONAL BANK	MICROFINANCE ASSOCIATION	YOUR BEST CREDIT BANK
APR / cost of the loan			
Ease of accessing a loan / conditions			
The amount he/she can borrow			
Repayment frequency			
Support and availability of non-financial services			

F I N A N C I A L E D U C A T I O N

Your turn!

Looking at my goals, my budget, and my repayment capacity, do I need a credit product?

☐ **Yes** ☐ **No**

If yes, for what goal? . . . . . .

What amount? . . . . . .

Now, look for information at financial institutions around you, and fill in Malak's table, but for the goal you have decided you need a credit for.

Warning! To be able to compare credit products, you need to ask how much the loan will cost you overall (that is, how much you will pay back in addition to the amount that you borrowed). This includes the interest rate on the capital borrowed, but also the administrative costs, insurance, other services offered. Like Malak, beware of low interest rates, which over a long period of time can actually be very expensive!

NAME OF PRODUCT			
Annual Percentage Rate (APR)			
Term of the loan			
Amount repayable each month (monthly instalments)			
Total amount repayable (term of a loan x monthly instalment)			
Real cost of loan (Total amount repayable minus amount of capital requested)			

The best product for my needs is: .....



TRAINING AID D.3.4

House-buying scenario using conventional finance and Islamic finance



CONVENTIONAL FINANCE

One woman from the host community wants to buy a property costing 100 currency units.

She takes out a loan from a bank and buys the property. She obtains the property immediately. She has to repay 120 currency units over 20 years. The cost of the loan is 20 currency units, calculated as follows: **(120 – 100 = 20)**

ISLAMIC FINANCE

One Islamic woman from the host community wants to buy a property costing 100 currency units.

Her bank buys the property for 100 units, taking on the associated risk (e.g. the possibility that the property might burn down). The apartment now belongs to the bank. The bank sells the apartment on to her for 120 currency units and transfers ownership of the property after 90 days. She has agreed to pay the money back to the bank over a period of 20 years. The cost of the loan is 20 currency units. **(120-100 = 20)**

KEY MESSAGES

- In order to use well a credit product, you should understand well all the credit terms.
- Borrowing comes with the responsibility to repay, and to repay on time.
- Borrowing is a serious business. Do not take it lightly!
- In order to select your credit product, you need to know the different products, gathering information on the characteristics of each of them. With the information, you will be able to select the credit product that is the most adapted to your needs.

4. WATCH OUT! DO NOT GET OVER-INDEBTED!

TRAINING AID D.4.1

A tale of over-indebtedness



PART 1
Prisha is talking at the dorm with her colleague Siya

Siya	Prisha, please remember to ask your savings and loan group for the money I asked you.
Prisha	Yes, we are meeting at 6.00 p.m., when the afternoon shift is over. I'm not worried because, as I told you, I will be able to ask for USD 100 and I will give them to you.
Siya	But, Prisha, why are you borrowing only USD 100? Have you forgotten that I asked to borrow at least USD 200? I need to repay one informal lender and a shopkeeper tomorrow.
Prisha	Siya, you are confused. I told you I could only ask for USD 100, and you answered back that you would find the money for the repayment!
Siya	I know, but I haven't been able to. You must borrow at least USD 200 from your group to save me this time.
Prisha	But I'd never be able to pay back such a large a loan to the group!
Siya	Don't worry about it. I'll give you the money you need later on. I must go now. See you later.



PART 2
Siya is having a word with Nirved, an informal lender that usually lends money to workers

Siya	Hi Nirved. How are you? Long time no see.
Nirved	Yes, everything is fine, thanks, Siya. What about you?
Siya	I am ok. I need to ask you a favour. Could you lend me USD 100? I have some urgent debts with shopkeepers I need to cancel today.
Nirved	(Trying to move away...) But, Siya, this is the second time you've asked me for money to pay back the shopkeepers. And the last time you borrowed money from me it took me ages to get the money back.
Siya	Nirved don't worry! I'll pay you back. Today I'm getting some money from my colleague Prisha. Then I will not borrow anymore and just focus on repaying you.
Nirved	You're borrowing from your colleagues, too?
Siya	Yes, I needed to borrow from her as well because I could not do a lot of extra hours last month. I'm heavily in debt but I trust all will be better soon.

QUESTIONS

- What is Siya doing?
- Why is she borrowing from several lenders?
- What does Siya think of the different lenders from whom she is seeking loans?
- How is Siya supported by Prisha?
- What do you think will happen to Siya?

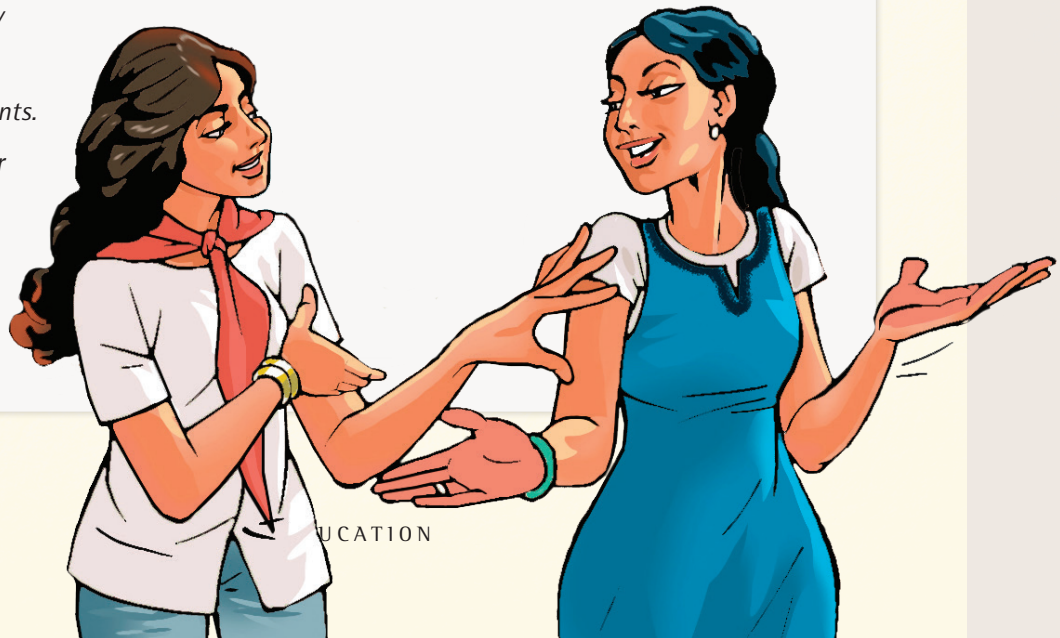
DEFINITION

Over-indebtedness is the inability for a person to cope with his or her personal debts.

⚠ **IMPORTANT: You may feel ashamed about being over-indebted and this can affect your relationship with family and friends. Don't isolate and talk about your problems with people you trust.**

TIPS TO STAY AWAY FROM OVER-INDEBTEDNESS

- *Only borrow the amount of money that you can manage to pay back.*
- *Calculate your debt-to-income ratio. Calculate your total monthly income and the monthly payments you have to make to pay back your loans (monthly debt obligations). Compare these two figures and calculate the ratio. Usually, if your repayments reach 30 per cent of your monthly income, you should not take an additional loan.*
- *If you can't make the loan repayment on time, be honest with your lender and explain the reasons for such challenge.*
- *Listen to the advice of your lender, friends and family on how to pay back your loan.*
- *Reduce some of your daily life expenses in order to pay off the debt.*
- *Always keep some emergency savings so that you can cope with emergencies without affecting your loan repayments.*
- ***Take action!** Go and see your account manager at the financial institution. Do not wait until it is too late to ask for assistance.*



TRAINING AID D.4.2

ROLE-PLAY CARDS

ROLE-PLAY CARDS

CARD1

You are colleagues from Siya. She has many debts with many of you. She is failing to repay her loans.

Prepare a short sketch in which you discuss the situation and decide what to do about Siya.

FINANCIAL EDUCATION

ROLE-PLAY CARDS

CARD2

You are members of Siya's extended family and friends in Sri Lanka (sister, brothers, cousins). You have not received money from Siya in the last months and you are a bit worried about her. Prepare a short sketch in which you discuss the situation and decide what to do about Siya.

FINANCIAL EDUCATION

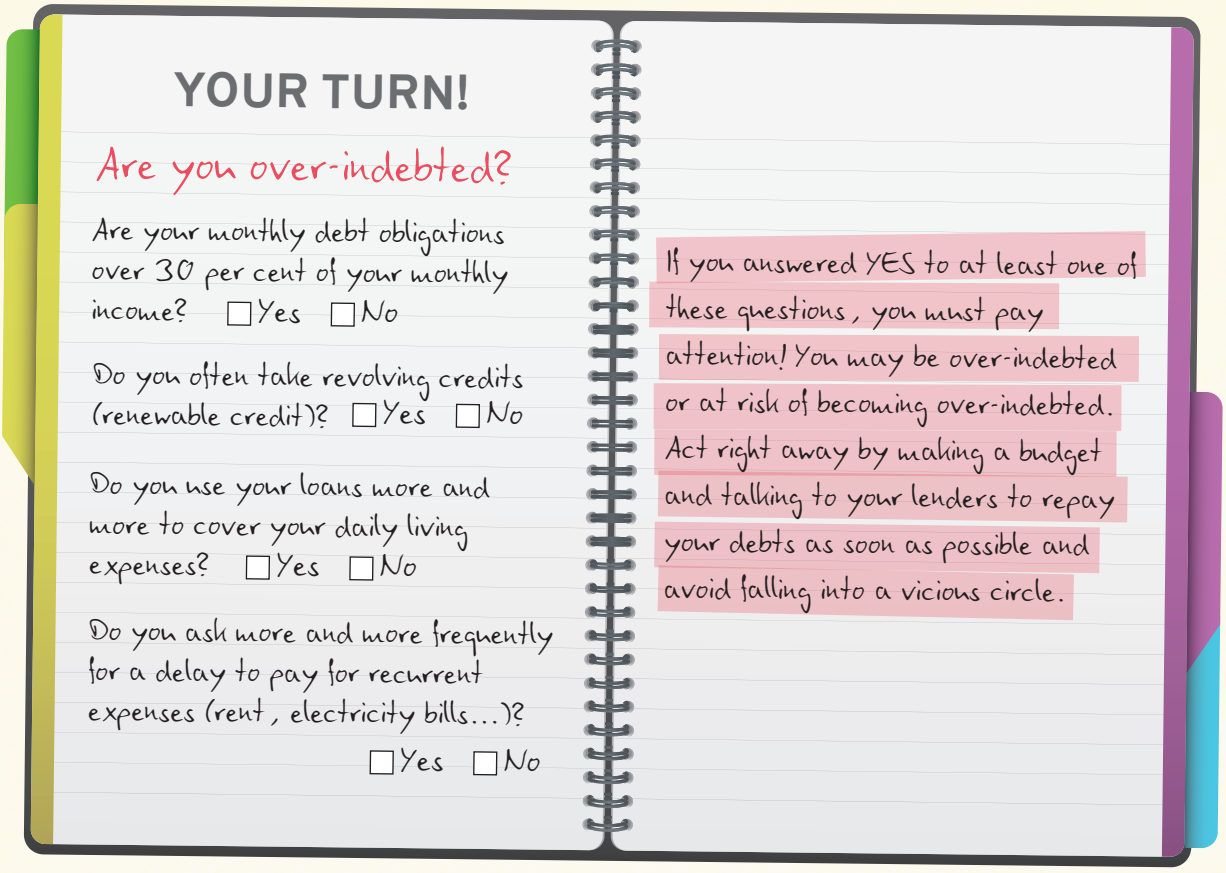
ROLE-PLAY CARDS

CARD3

You are one informal lender that lends money to Siya often. Prepare a short sketch in which you share Siya's situation with other lenders.

FINANCIAL EDUCATION





Some solutions

If you are already over-indebted, here are the solutions that can be offered by your credit institution:

- Reschedule the debt, i.e. reduce the amount repaid each month and lengthen the term of the loan.
- Interrupt payments for a given period.
- Sell an asset to pay off your most expensive debts (i.e. those that charge the highest rate of interest).

Do not hesitate to inquire about your credit institution's mediation services!

KEY MESSAGES

- Repaying is a decision that shall be taken when you decide to borrow.
- Avoid borrowing to repay a loan!
- Money from a credit is not yours!

ANNEXES AND KEY DOCUMENTS

QUESTIONS TO ASK A POTENTIAL LENDER

- What types of loan do you offer? What sorts of projects are funded by these loans (house purchase, business start-up, buying a car, etc.)?
- What is the interest rate?
- What fees and charges are charged?
- What is the APR (i.e. true cost of the loan, including fees)?
- Do I have to provide guarantees to be granted a loan? If so, what guarantees?
- Are guarantee conditions different if I am a migrant worker?
- How much do I have to contribute, if anything?
- What is the frequency of the interest payments?
- When does each repayment have to be made (e.g., beginning or end of the month)?
- What penalties are levied in the event of late payment?
- Where do the repayments have to be made?
- How long does it take to be granted a loan and get the money?
- How many times will I have to come here to finalize the loan application?
- What documentation do I need to present to the lender to be granted a loan?
- Do I have to pay the remaining interest if I pay off the loan before term?
- Are there compulsory or optional insurance arrangements if I take out this loan? If so, how much do they cost and what are they for?
- Are your products also applicable for migrant worker?
- How far away is the office where I need to make the payments from my place of residence/business?
- Do I need to attend meetings in order to get my credit?
- How long are these meetings?
- Do you check if I have other loans with other institutions?

ANSWERS TO EXERCISES



TRAINING AID D.1.3: Advantages and disadvantages of the different ways of raising money

ADVANTAGES AND DISADVANTAGES OF THE DIFFERENT WAYS OF RAISING MONEY

	Advantages	Disadvantages
Sale of assets/property	• Shopkeepers will let you buy back your assets after you have sold them	• Risk of the asset losing value • If it is a productive asset, the family may incur additional costs or have to spend more from day to day
Savings	• Fast access • Private resources • No interest to pay • You can do what you like with the money (no external interference)	• You deplete your savings • The money has to be saved over a long period, so will probably not cover all your needs • You may lack financial resources in an emergency
Borrowing from an informal lender (family, shopkeeper, etc.)	• Fast • A local transaction • No implementation procedure	• Very expensive • Risky: if you fail to repay, the lender may adopt "heavy" methods, including intimidation • No legal protection in case of abuse by lender • Easy to get into debt
Borrowing from a formal financial institution (bank, microfinance institutions, Village Savings and Loan Associations, Savings and Credit Cooperatives Organizations)	• Fast • Accessible • Proximity • Registered in accordance with legal requirements • Part of a group able to give advice (social aspects/collective support)	• Will generally loan only small amounts • Might not have a product suited to your project • Interest rates sometimes high • Some providers might only finance me if I have a registered business

TRAINING AID D.2.1

Terms and definitions associated with credit/loans

INTEREST	The amount of money the borrower pays to the lender, in addition to repaying the loan itself, to be able to use the lender's money
PENALTIES	Sums the borrower will have to pay to the lender if he/she fails to repay the loan (e.g. seizure of property, a vehicle, savings...)
CREDIT BROKER	Professional charged by his clients with finding them the most suitable and/or cheapest loans (generally mortgage loans) from banks and other financial institutions
PRINCIPAL	The amount of the loan granted by the lender, net of interest
GUARANTOR/ COLLATERAL	Person who will pay off your loan in the event of you failing to do so. This person may be asked to add his/her signature to the agreement with the lender. The guarantee may also be in the form of property
PERSONAL CONTRIBUTION	The proportion of the funding for your project which you possess before borrowing additional sums from the credit institution. This contribution will consist mainly of your liquid assets and savings
MORTGAGE	Pledging a property you own as security to obtain credit from a financial institution. In the event of repayments not being made, the creditor may seize/repossess the property concerned and sell it in order to recover the sum originally lent plus charges. The owner does not lose ownership of a mortgaged property as long as he/she honours his repayment obligations
EARLY REPAYMENT	Repaying all or part of your loan before the term of the agreement
RETHINK	Cancelling a credit agreement without penalty. A "cooling-off period" protecting you against impulse buying
GRACE PERIOD	Period allowed between receipt of a loan and the first repayment (buy now, pay later)

TRAINING AID D.3.1

Calculating the cost of Malak's loan (complete)

NAME OF PRODUCT	NATIONAL BANK	MICROFINANCE ASSOCIATION	YOUR BEST CREDIT BANK
Annual Percentage Rate (APR)	6% per annum	8% per annum	5% per annum
Term of the loan	2 years (24 months)	3 years (36 months)	1 year (12 months)
Amount repayable each month (monthly instalments)	USD 66.48	USD 47.00	USD 128,41
Total amount repayable (Term of a loan x monthly instalment)	66.48 x 24 = USD 1,595.54	47.00 x 36 = 1,692.00	128.41 x 12 = USD 1,540.93
Real cost of loan (Total amount repayable less amount of capital requested by Malak)	1,595.54 – 1,500 = USD 95.54	1,692 – 1,500 = USD 192.00	1,540.93 – 1.500 = USD 40.93

NOTES

TRAINING AID D.3.3

Table summarizing the arguments that influenced the character in choosing a lender and a loan (complete)

MALAK'S CRITERIA FOR CHOOSING A LENDER AND A LOAN

FACTORS	NATIONAL BANK	MICROFINANCE ASSOCIATION	YOUR BEST CREDIT BANK
APR / cost of the loan	• Average real cost of the loan	• Highest real cost of the loan due to the longer term	• Lower real cost of the loan
Ease of accessing a loan / conditions	• Not sure if Malak has been a customer of this bank for more than 6 months • Personal contribution might be acceptable for Malak • Montly instalment in line with Malak's repayment capacity	• Need to become a customer of the microfinance association but that should be easy for Malak	• Impossible, because Malak has not been a customer of the bank for more than 12 months • Personal contribution might be acceptable for Malak • Monthly instalment might be too high for Malak
The amount he/she can borrow	• Sufficient amount	• Sufficient amount	• Sufficient amount
Repayment frequency	• Monthly	• Monthly	• Monthly
Support and availability of non-financial services	• No	• Yes (it might be very important for Malak to have support/ supervision)	• No
CONCLUSION	• The average expensive loan, cheaper than the MFI • No support available • Malak would have to be client or if not wait 6 months to be eligible	• The loan is expensive, but support is available for entrepreneurs and there is no need to make a personal contribution. They offer important training for Malak	• The cheapest loan • High level of personal contribution • High instalments

E



CHOOSE MEANS OF PAYMENTS AND MONEY TRANSFER PRODUCTS

FINANCIAL EDUCATION QUIZ

E1. A withdrawal card is a card with which I can

- ☐ **a.** Make withdrawals and payments.
- ☐ **b.** Make withdrawals only.
- ☐ **c.** Make withdrawals, even when I have no money in my account.

E2. Someone just stole my bank card, what should I do?

- ☐ **a.** The thief does not have my password, so I am not worried. I won't do anything.
- ☐ **b.** I immediately contact my bank to block the card.
- ☐ **c.** I immediately contact my bank to issue a new card.

E3. A money transfer allows

- ☐ **a.** To open a bank account.
- ☐ **b.** To move money from one place to another.
- ☐ **c.** To access a debit card to pay for your purchases.

E4. What is the safest method to send money home?

- ☐ **a.** Ask a colleague to bring the money back home.
- ☐ **b.** Ask a formal money transfer operator.
- ☐ **c.** Ask a relative.

Answers: E1:a; E2:b; E3:b; E4:b

1. USE MEANS OF PAYMENT WITH SECURITY

In the previous modules, we explored how to choose loan and savings products suited to your needs. We are now going to explore how best to use the different means of payment, for example for paying for the things you buy.

If you want to pay for a purchase, what are the possible means of payment?

The different means of payment and payment operations

- Cash
- Bank card
- Payment via the Internet
- Bank transfers and direct debits
- Digital wallet
- Electronic mandate
- Payment via mobile phone (if the service is a vailable in the country concerned)
- Bartering...

At the end of this module, in Answers to exercises, you will find a table with advantages and disadvantages of each mean of payment.



Case Study N°1

DIYA, PRISHA'S COLLEAGUE, GET HER FIRST CARD.

Siya, Prisha's colleague, has for the first time received her salary in an ATM card. She wants to withdraw money for her expenses. As they have set an ATM at the factory, she goes to try it out. Because the ATM network is the same one written on her card, , she knows that she will not have to pay a fee to use her card there. At the ATM, she withdraws USD 20 and gets her receipt.



Case Study N°2

DIYA USES THE CARD

It is the first week of the month and Arjun has just sent Diya and his parents the money he transfers every month. When Diya goes to the bank to withdraw the money she needs for that week, she sees a big poster on the wall: the local bank is offering a free card to all savings account holders. She requests one right away to try it out. The following week she picks up her card from the bank. A few days later, she stops by an ATM and remembers she has the card in her wallet and would like to try it. She follows the screen and she is able to check her balance. Afterwards, she decides to withdraw USD 50, as Arjun's parents asked her to bring some cash home to pay the money they owed to a neighbour. On her way back to the village, she stops at a small supermarket. She buys some rice and bottled water. She decides to pay with her card as she sees the sign that they accept them. It all goes very smoothly, and she is very happy about it. She can't wait to tell Arjun on the phone that she has a bank card card.





Case Study N°3

AISHA, MALAK'S FRIEND, USES HER CARD

Aisha, Malak's good friend living in Amman, has just received a call from the bank. Because of being a good client, the bank has just offered her a card that allows her to make payments even if she does not have money on her account. She is very happy because she knows that it is very useful to be able to pay with her card, especially now that her business is growing and sometimes needs inputs urgently. The days pass by and Aisha uses her card without paying too much attention to all the expenditures she is making. She finds a good deal for clothes for her family in a big shop and takes the opportunity to buy. She always thinks she will check her expenses during the weekend, but she never finds the time to do it. At the end of the month, she realizes she does not have enough money to cover all the expenses made with her bank card. She must pay very high interests. Aisha blames herself for being so careless.

DEFINITION

Pre-paid or cash cards

A pre-paid card allows you to withdraw money from your account by entering it into a device called an automated teller machine (often abbreviated as ATM). In addition to the possibility of money withdrawal, you can check the balance of your account. You can buy food, fuel, clothes and pay your rent with this card, provided the person you are paying to accepts cards. The money you use is deducted immediately from your balance. Some cards allow you to pay bills and recharge credit on your mobile phone. Each bank has its own network of ATMs but often you can use your bank card to withdraw from any ATM whether the ATM belongs to your bank or not. However, your bank may charge you a fee each time you use an ATM that is part of another bank's network. You can only use the money you have put in your balance. You can recharge it as many times as you want, through ATMs, bank transfers or even by use of network agents, depending on the country. If you receive this card through an organization, they might recharge it periodically (for example, each month) so that you can count on that money deposited in your account regularly.

Debit cards

A payment card allows electronic banking transactions. In addition to using it to withdraw money from ATMs, you can use a debit card to pay for the goods you buy in many stores.

You must have money in your account at the time of purchase. The amount of your purchase is deducted from your account immediately. You can regularly check your balance through the home-banking or cellphone. In some cases, you might receive a statement from the bank, indicating the total amount deducted from your account as well as your balance.

Credit card

In general, a credit card allows you to make the same transactions as a pre-paid/cash card and debit card. The major difference is that it also allows to have access to instant credit. That is, if you do not have money on your account, you can still make a purchase in a store by taking a loan from the financial institution who sold you the credit card (financial institutions, department stores, etc).

Under the terms of the credit card purchase agreement, the amount of your purchase/loan will be deducted from your account (in one or several times, at an interest rate often much higher than that of conventional credit products). You will regularly receive a statement from the financial institution that sold you the credit card, indicating the total amount deducted from your credit, the amount repaid and the interest rate. Nowadays you can also check all this information online.

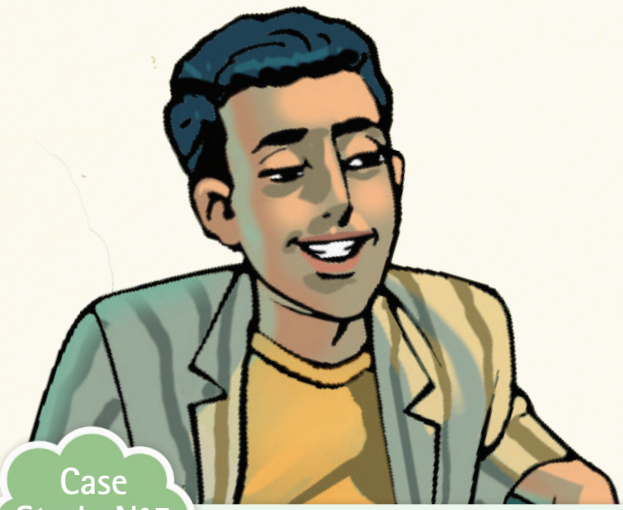
DIGITAL WALLETS



Case Study N°4

MALAK PAYS A BILL THROUGH A MOBILE PHONE

Malak needs to buy a new pair of shoes to work in the factory as the ones she is using are very old. She is walking on a commercial street in town and she sees a shop that sells shoes at a very good price. She enters the shop, tries a pair of work boots and decides to buy them. At the counter, the man from the shop tells her she can pay in cash and also using the digital wallet everyone is talking about. Malak asks: "Do I have any benefits in using the digital wallet?". The shopkeeper explains that the price is the same, but by paying with the digital wallet, no cash is used, and it is safer for everyone. Malak, who has downloaded this digital wallet and deposited USD 30, decides to try it for the first time. She scans a code following the instructions of the shopkeeper and a message with "Accepted Payment" appears on her phone. She picks up the bag and leaves the shop happy to have tried this new payment method.



Case Study N°5

MOHAMMED PAYS USING A QR CODE

Mohammed decides to visit a new market that has opened in a bigger city nearby in Bangladesh. He has heard it is a very nice modern building. While walking there he remembers he needs to buy new light bulbs for the house. He finds a convenience store that sells all kinds of electric appliances. After selecting the light bulbs, the woman at the cashier tells him that due to COVID-19 they have a special discount of 5% for any client paying with cards or digital wallets. Mohammed remembers having this new digital wallet app in his phone. He asks the woman whether he can pay using his app, which she confirms and tells him to wait a little bit so she can generate a QR code for this. Mohammed scans a QR image at the cashier and automatically the money is withdrawn for his digital wallet. Mohammed is fascinated to use this mean of payment for the first time and can't wait to tell Salma over the phone.

DEFINITION

By digital wallet we refer to an electronic device, online service, or software program that allows one party to make electronic transactions with another party bartering digital currency units for goods and services

	Advantages	Disadvantages
E-wallet	• You can withdraw money in shops: no need to queue at a cash point or bank. • You don't need to carry money around with you when paying bills or someone. • Your e-wallet is protected by a PIN; your money is safe. • You don't need to fill in any forms to withdraw or deposit money, as you do when you visit a bank. • It can be more convenient to withdraw money in a shop than from an ATM or at a bank counter. • Retailers are rarely short of money. • You do not need a bank account. • Transactions are made immediately.	• You may forget your PIN. • Your mobile phone might be stolen. • Difficult to stick to your budget.

SECURITY TIPS FOR DIGITAL WALLETS

- Do not share your PIN with anyone.
- Never keep a record of your pin close or together with your sim-card.
- Do not save your PIN as a contact in your phone
- Always demand to look at the charges for the different transactions, especially when using an agent.
- When you are sending money to someone, double check the name and amount before inserting the PIN.





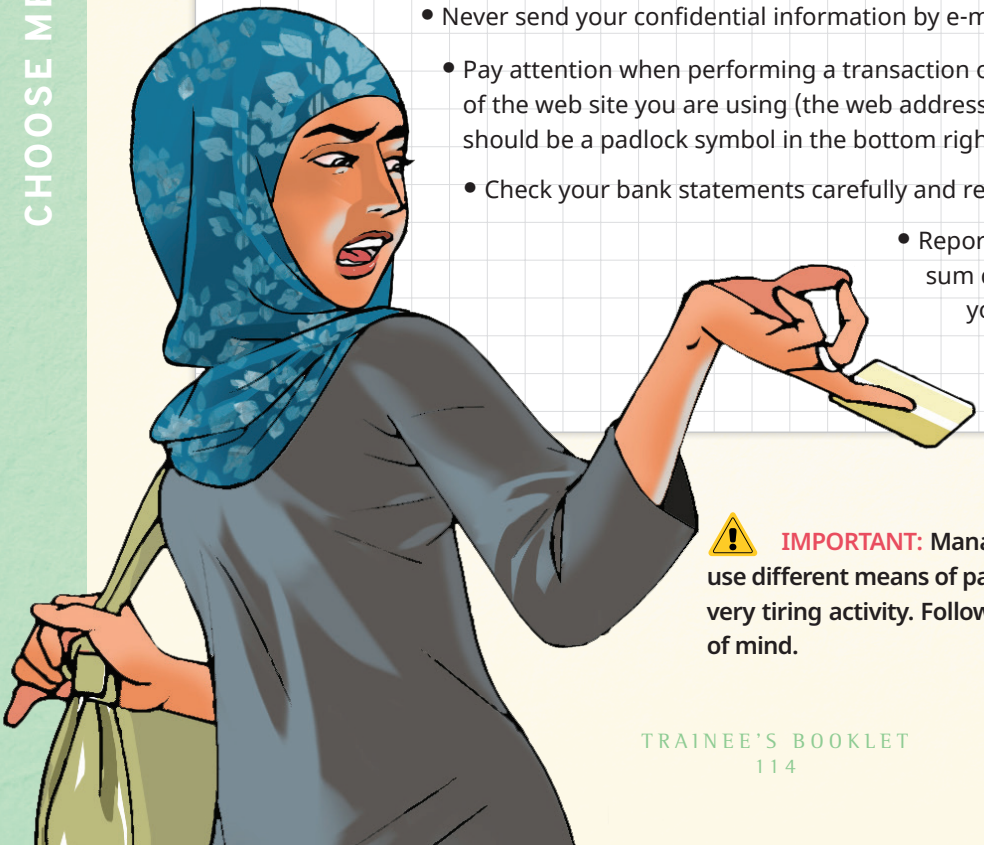
Case Study N°6

MALAK FORGETS THE SECRET CODE

Malak must withdraw money to pay for some expenses. She is already late for her appointment with a friend. She stops at the ATM and starts the money withdrawal process. She types her secret code as asked but the ATM screen indicates that the code is wrong. Surprised, Malak retypes her code but again the machine refuses the operation. She reflects for a second, but she is very confused. She tries a third time by changing a number in her code. The ATM refuses the operation and retains her card. Malak is very annoyed, she failed to withdraw the money and on top of that her card was retained by the machine!

SECURITY TIPS FOR MEANS OF PAYMENT

- Use your means of payment carefully, always thinking about staying within your budget.
- Keep your card, checkbook, wallet and mobile phone in a safe place.
- Never lend your credit card or checkbook to anyone.
- Never sign a blank check (without putting the amount).
- Do not write your confidential code on your bank card or leave it nearby.
- Never send your confidential information by e-mail, SMS, fax,etc.
- Pay attention when performing a transaction on the Internet. Check the security of the web site you are using (the web address should begin with “https”, there should be a padlock symbol in the bottom right of the screen,etc.).
- Check your bank statements carefully and regularly.
- Report immediately to your bank of any sum debited from your account which you cannot explain.



IMPORTANT: Managing your money, especially when you use different means of payment, can be complex. It can also be a very tiring activity. Follow the security tips above for your peace of mind.

KEY MESSAGES

- There are various means of payment: cash, payment card or payment operation: bank transfer, direct debit/standing order, payment by mobile phone or via the Internet, etc.
- Each mean of payment is different. As with all financial products, each involves costs and has advantages and disadvantages, which often depend on the type of expenses you want to pay for.
- A cash card enables you to withdraw money. A debit card can also be used to purchase goods from retailers (using the funds available in your bank account).
- As well as enabling you to withdraw money and pay for purchases, a credit card gives you access to instant credit (if the necessary funds are not available in your account at the time of purchase).
- The use of means of payment presents risks! Use your means of payment with care always thinking to stay within the limits of your budget.

2. GET TO KNOW MONEY TRANSFER OPERATORS

We are going to explore your options when it comes to sending and receiving money, in this country and abroad. We shall consider the advantages and disadvantages of each method.

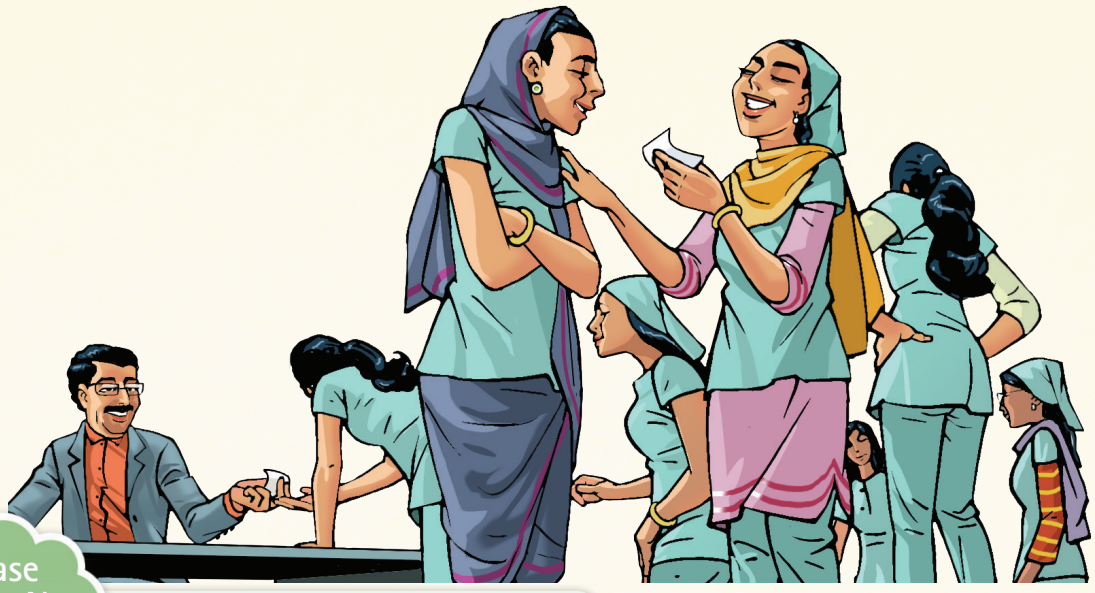
Case Study N°7

PRISHA CAN'T FIND THE MONEY

Prisha received an urgent call from her parents. A big storm had caused damage to their roof.

They needed money to buy some materials to fix it. Prisha already sent the money of this month but decides she cannot let her parents down and should help them. A friend of a friend is moving back to Sri Lanka that week, so she decides to give the money to this woman that leaves in a nearby village to the one of her parents. A couple of days later, she speaks with her mother who tells her she had still not received the money. Prisha thinks the woman is an honest person, but she starts worrying. She has also heard cases like these ones where the money never arrives. She hopes that it is not the case because that means the money may never reach her parents.





Case Study N°8

SALMA USES A FORMAL PROVIDER

Salma knows it is the day of the month she needs to transfer money to her mother. She always sends the money through the same system. A person from Human Resources comes, collects the money to be sent from each worker and makes the transfer for them. Salma has to pay a small amount to send the money to her mother. At the end of the day, the same person gives to each worker that sent money an individual receipt of ABC Money Transfer Operator, specialized in sending money to Bangladesh. Right after this person collected her money, Salma called her mother and told her that the money was going to be sent the usual way that same afternoon. Later on that day Salma's mother went to the agent. She showed her identity card and was given the money. Good news! Salma's mother has just texted to say she has received the money.

DEFINITION

Informal money transfer operators
These institutions and individuals are not regulated or supervised by the State.

Formal money transfer operators
These institutions are regulated and supervised by the State.

FORMAL MONEY TRANSFER OPERATORS	INFORMAL MONEY TRANSFER OPERATORS
• The Post Office (via local office or Internet) • Enterprises specializing in money transfers (via agency or Internet) • Banks (via bank branch or Internet) • Mobile phone money transfer services	• Shopkeepers and traders • Taxi and lorry drivers • Friends and family

Whatever the provider you choose to make a money transfer, be it formal or informal, you need to look at a series of criteria before making your choice:

- Costs of sending money (paid by the sender).
- Costs to receive money (paid by the receiver).
- Geographic proximity (for the sender and the receiver).
- Safety.
- Speed.
- Money exchange commission (if relevant).

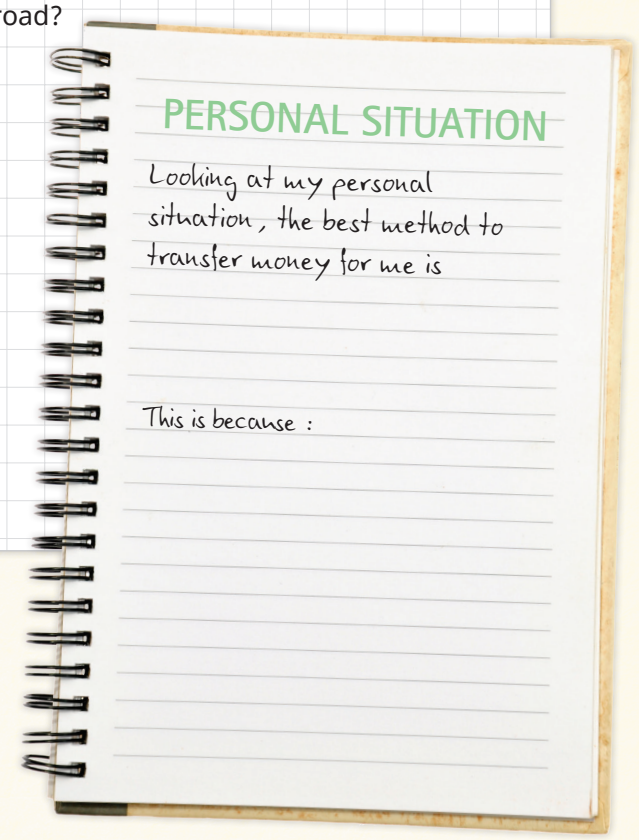
QUESTIONS

- And you? Do you send money to people, or abroad?

  ☐ **Yes** ☐ **No**

- If yes, for what reason?

- What method do you use?



KEY MESSAGES

- It is important to be familiar with the procedure for transferring money (documents to be provided, costs, operator's network, etc.).
- There are several ways to transfer money: cash to cash, bank account to cash, cash to bank account, bank account to bank account, cell phone to cell phone, etc.
- Choose your transfer method and your operator according to your situation and that of the person you are sending money to. Looking at characteristics such as the cost of sending, the exchange commission, the cost of receiving, the geographic proximity, etc.) enables you to take a decision that is best suited to your needs.
- Send money in a safe way, go for formal channels and facilitate the withdrawal for your relatives!

TRAINING AID E.2.1

Informal money transfer operators





TRAINING AID E.2.2

Formal money transfer operators







TRAINING AID E.2.3

The transfer methods chosen by the characters

Salma's method

Salma sends money to her mother using a money transfer operator.

Arjun's method

Arjun sends money to his wife using a money transfer operator. The money goes directly into her bank account. He is now willing to try a new digital wallet that some other Indian workers are using.

Malak's method

Malak sends money to her brother using the home banking access of her bank account.

Prisha's method

Prisha tries for the first time a provider offering digital money transfers to her home country. The money goes directly into her mother's digital wallet in Sri Lanka.

TRAINING AID E.3.1

Stages in sending and receiving money transfers

METHOD 1: Through a money transfer operator

- Contact or visit a bank or financial institution (in person or online);
- Fill in a simple and quick money transfer form;
- Approach the clerk and give him/her the following information:
  1. The name and number of the payee's account (if the payee, i.e. the person you are sending the money to, has a bank account),
  2. The name and identity card number or other identity document number of the payee (if the payee does not have a bank account);
- Inform the payee of the amount of money you have transferred and, depending on the time period indicated by the bank/agency (which may range from a few minutes to several days), the payee will be able to collect the money from the bank or agency, in cash or paid into their account (as you would have specified).

- Go to the bank or agency and give the clerk the necessary information concerning the amount of money being sent to you and the name of the person sending.
- Show the bank clerk your identity card or other document proving your identity.
- After checking on the computer system, the clerk or agent will give you the money.

METHOD 2: Through my bank using home-banking

- Enter the website of your banking institution. Complete your username and password.
- Once inside the system, select the account from which you want to send money.
- Click on Make Transfers / Send money. Sometimes this functionality can be found under a tab called Payments.
- Once inside Transfers section, you will have to complete the following information:
  - Date of realization.
  - **Destination:** Here you will have to complete the Alias and/or Bank account number of the payee.
  - **Currency:** typically, local currency but can also be another international currency.
  - **Amount:** complete the value of the transfer.
  - **Concept:** choose the payment concept (Assets, Miscellaneous, Rent or another that appears in the drop-down panel).
  - **Description:** this is to send a message to the payee.
  - **Recipient's email:** so that a notification reaches the payee.
- Press Continue or Make Transfer and the money will be sent on the chosen date. Some banks might require an additional security step here (could be an SMS sent to your phone that you need to include for confirming the transaction, could also be an extra pin generated for these operations). Generally, you receive a confirmation on the same website or via email that the transfer has been made successfully.

- Enter the website of your banking institution. Complete your username and password.
- Once inside the system, select the account to which you have been sent the money. When you enter and view the account details, you should have a new income for the amount sent and a detail that indicates who and when has sent you the money.

METHOD 3: Through my digital wallet

- Access the application from your phone. It must be the same application that the payee uses.
- Click on the menu and choose the option "Send Money".
- In the "To" field you can choose a contact from your phonebook, a cell phone number or an email address.
- Enter the value to send, choose the reason for sending the money (for example, return of the borrowed money or money for yesterday's dinner) and press the continue button.
- Select the payment method. It can be the balance of your digital wallet or also any of the payment methods that you already have linked to your digital wallet (debit card, credit card or bank account). In case you want to do it through a new card, the application will ask you for the card details. By pressing continue, the application will confirm the sending of the money.

- You may receive a notification by your app directly on your phone that you have received money.
- When you open the application, you will notice the payment instantly in your balance and last movements. The income of money is immediately available, that is at the same time as whoever send you the money completes the operation.

NOTES

TRAINING AID E.3.2

Form for transferring money (transfer operator's form)

MONEY TRANSFER FORM

Date

Amount

Currency

SENDER INFORMATION

Surname:

Name:

Address:

Telephone number:

Date and place of birth:

ID card or passport number:

RECEIVER INFORMATION

Surname:

Name:

Test question in case the receiver does not have a valid identification:

Optional services available at additional costs. Check services desired:

- ☐ I want a check delivered to the following address
- ☐ I want you to telephone the receiver
- ☐ Message to be sent

CUSTOMER'S SIGNATURE

TRAINING AID E.3.3

Form for transferring money (bank's international transfer form)

MONEY TRANSFER FORM

Date

Amount

SENDER INFORMATION

Surname:

Name:

Address:

Account number:

RECEIVER INFORMATION

Surname:

Name:

Address:

IBAN Number (International Bank Account Number, max 34 characters):

BIC Number (Bank Identification Number, between 8 and 11 characters) or SWIFT code:

CUSTOMER'S SIGNATURE

KEY MESSAGES

- It is important to be familiar with the procedure for transferring money (documentation required, costs, operator's network, etc.).

- There are many different ways of transferring money: cash to cash, bank account to cash, cash to bank account, bank account to bank account, payment card to cash, bank card to bank account, bank card to bank card, bank card to mobile phone, mobile phone to mobile phone, etc. The technology is evolving all the time. Keep yourself well informed about the new methods, as you might find them more convenient than the older ones.

- Considering your personal circumstances and those of the person you are sending money to when choosing your transfer method and operator (cost of transfer, foreign exchange commission, cost of receiving, geographical proximity, etc.), will enable you to come to the best possible decision.

ANNEXES AND KEY DOCUMENTS

Questions to ask a formal money transfer operator

- *How can I send money to a relative?*
- *What forms do I need to fill in in order to send money?*
- *What forms will the receiving person have to fill in?*
- *What identity document is required for sending money?*
- *What identity document is required for receiving money?*
- *Do I need to have a bank account with your bank in order to send money?*
- *How long does it take for the receiving person to get the money?*
- *If I transfer money through an app on my phone, does the person receiving the money need to have the same app?*
- *What is the cost of a transfer?*
- *Will the receiving person get all the money I send, or will they have to pay additional charges on receipt?*
- *How can I check that the receiving person has in fact got the money?*
- *How will the receiving person be notified that the money has arrived?*
- *Can I cancel or amend my transfer?*
- *What exchange rate is used in converting my money into the currency of the receiving country (if I am sending money abroad)? What are the exchange costs?*
- *If I send money in Dollars, in what currency will the receiving person get the money?*
- *Do I have to come to the bank in person or is there a remote service for transferring money (internet, mail, etc.)?*
- *Do you have branches or agents of your bank in _____ (place of residence of the relative you are sending the money to)?*
- *Can I send money through my phone if the other person does not have a digital wallet? If so, where can they withdraw the money I send?*

ANSWERS TO EXERCISES

Advantages, disadvantages and use of means of payment

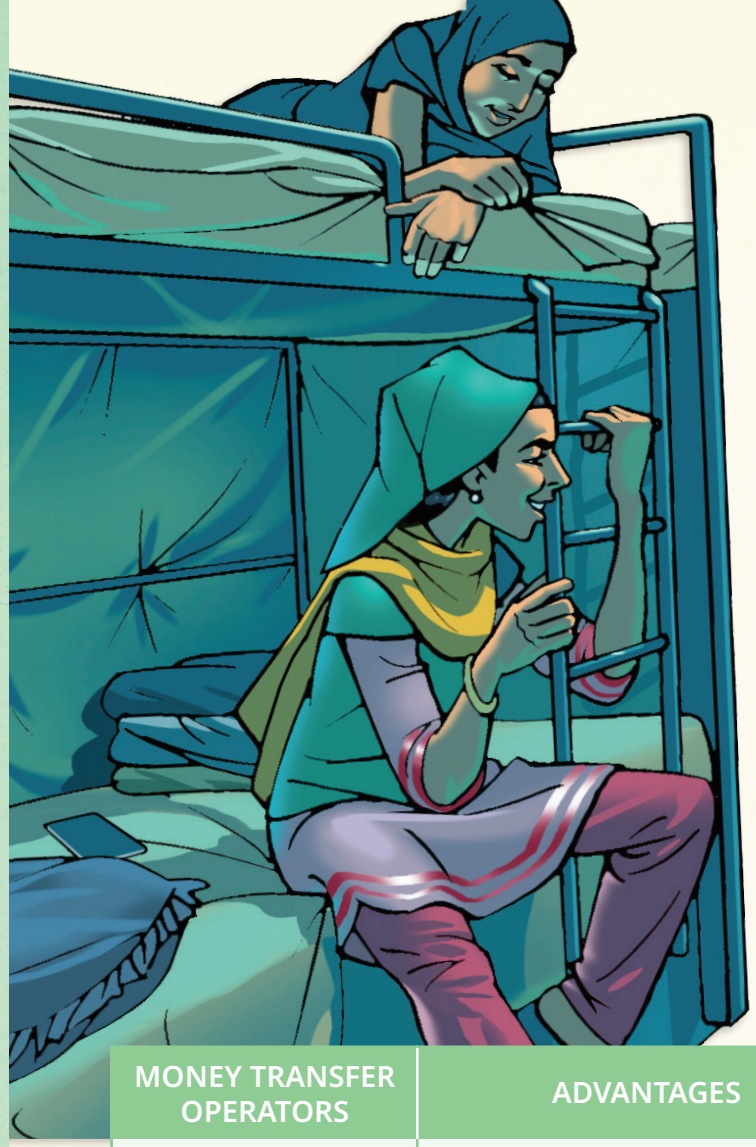


Means of payment	Advantages	Disadvantages	Use
Cash	• Simple to use • Very widely accepted (legal tender) • No charges • Immediate purchase possible	• Risk of theft or loss • No remedy in the event of theft or loss • Limits on the permitted amount of transactions (not everything can be paid for with cash, especially when large sums are involved) • It leaves no evidence on the transaction (could be problematic for budget management)	• For everyday purchases when small amounts of money are involved • To limit what you can spend during a particular period or on a particular occasion • To be able to buy something immediately
Bank card	• Security (generally speaking) • Leaves a trace of the place and amount of the transaction, and the item purchased • Protection against theft (secret PIN, the card can be cancelled if stolen) • Possible to make purchases involving large sums • They can be linked to bank accounts in other countries (not necessarily where I live) • May give access to secondary products: e.g. legal assistance, insurance when buying airline tickets • Access to other financial services (insurances, legal assistance) • They can be linked to loyalty programmes that could lead to benefits/ discounts	• Sometimes significant charges: annual fee, charges for withdrawals, payments made abroad, etc. • Risk of not keeping track of your expenses • Risk of forgetting when managing one's budget • Cannot be used everywhere: depends on the retailer having a working terminal	• For making everyday payments involving significant sums • For making occasional large purchases • For buying goods and services included related products" (e.g. paying for plane tickets if the card provides insurance)

Means of payment	Advantages	Disadvantages	Use
Bank transfers and direct debits	• No need to go anywhere or carry cash • Purchases can be made 24/7 • Often enables you to access good deals	• No one to refer to directly (if a problem arises) • Risk of scams if you buy from non-secure websites • Possible delivery problems with items purchased online • Risk of forgetting the expenses in the budget management • Risk of not keeping track of expenditure	• To access good deals • For quick purchases offering a comparative advantage (clothes, books, DVDs, tickets for shows, plane tickets, etc.) • For rare items available only via the internet • For paying bills (mobile phone) if you don't have a bank account • Payment without physical contact (COVID-19)
Digital wallets	• No need to have a bank account, just a mobile number and sim card • Easy way to send money to someone else	• Risk of phone being stolen • Risk of forgetting PIN/ password • Could create problems following your budget	• Transfer money to other people • Payment without physical contact (COVID-19) • Bills payment

COMPARATIVE TABLE BETWEEN DIFFERENT BANK CARDS

CARD	PRE-PAID/CASH	DEBIT	CREDIT
Where can you use this card?	• ATMs from your bank and other networks. • In shops that accept card payments.	• ATMs from your bank and other networks. • In shops that accept card payments.	• ATMs from your bank and other networks. • In shops that accept card payments.
What can you do with this card?	• Check your balance • Withdraw money. • Pay for goods as long as you have money in your balance.	• Check your balance. • Withdraw and deposit money. • Pay for goods as long as you have money in your account. • Transfer money to other accounts. • Recharge your phone.	• Check your balance. • Withdraw and deposit money. • Pay for goods as long as you have money in your account. • Pay for goods even if you do not have money in your account at that moment. • Pay for goods in instalments. • Transfer money to other accounts. • Recharge your phone.
Charges are immediate or deferred?	• Immediate	• Immediate	• Deferred, you will pay at the end of the month the total of your purchases. You will not face interest charges as long as you pay in time and do not finance the balance.
Which are the costs/charges for using this card?	Depends on the offer of each provider. You should get all the information and compare.		



ADVANTAGES AND DISADVANTAGES OF MONEY TRANSFER OPERATORS

MONEY TRANSFER OPERATORS	ADVANTAGES	DISADVANTAGES
FORMAL	• Security (the money is safe, and the transfer is secure) • Long-term loans of large sums • Reliability • Confidentiality • Choice of products • Operates within the banking regulation framework, if declared officially • Enables you to build up a credit record and establish your solvency • Access to financial advice and other financial products • Speed (depending on the method) • Discretion (sometimes a mobile phone number is all you need to get the money)	• Remoteness, for people living far from towns and cities • Risk of being robbed as you leave the branch/agency • Restricted opening hours • Minimum amount requirements sometimes too high • Costs can be high • Having to wait at the counter • More difficult to use for people who are illiterate • Sometimes, lack of liquidity for transfers of large sums
INFORMAL	• Cost (depending on the method) • Access • Local availability • Speed (depending on the method) • Trust (you may be able to make the transfer via a local shopkeeper you have known for a long time) • No administrative procedures or forms to fill in	• No other financial services that your transfers of funds might entitle you to • Danger of receiver having to collect the money in an unsafe place (shop, public square, etc.): risk of theft or assault • Illegality of taking large sums in or out of a country (risk of the person carrying the money being arrested) • Risks of being robbed • Counterfeit money

F



GET TO KNOW FINANCIAL INSTITUTIONS AND USE THEM WITH CONFIDENCE

FINANCIAL QUIZ EDUCATION

F1. A financial institution is a public or private service that deals with financial operations such as savings, credit and payments.

- ☐ **a.** True
- ☐ **b.** False

F2. I have noted that there are more and more banks in this region:

- ☐ **a.** I should go and ask for information; they may have attractive savings or credit products for me.
- ☐ **b.** What is the use? These banks are only interested in rich people and large companies.
- ☐ **c.** I would like to go and check but I'm afraid they tell me off as I don't have a lot of money.

F3. What is the sentence that is not a principle of client protection that financial institutions are required to respect?

- ☐ **a.** Prevention of over-indebtedness.
- ☐ **b.** Fair and respectful treatment of clients
- ☐ **c.** Transparency
- ☐ **d.** Offering presents to the customers
- ☐ **e.** Responsible pricing
- ☐ **f.** Mechanisms of complaint resolution

Answers: F1:a; F2:a; F3:d

1. GET TO KNOW FINANCIAL INSTITUTIONS

DEFINITION

Financial institution: Public or private service that deals with financial operations such as savings, credit and payments.

DEFINITION

Banks are organizations approved by the State as credit institutions to perform banking operations: mainly receiving funds from members of the public, performing savings and lending operations, and providing payment services. Banks may be publicly or privately owned, specialize in deposits or investments, make products or act as cooperatives or mutual societies.

Microfinance institution is a financial institution specializing in banking services for low-income groups or individuals. Microfinance institutions provide account services to small-balance accounts that would not normally be accepted by traditional banks, and offer transaction services for amounts that may be smaller than the average transaction fees charged by mainstream financial institutions.

Finance companies are profit-making organizations approved by the State as credit institutions. They cannot take deposits from members of the public or offer savings products.



TIPS

To choose your financial institution well, you need to consider:

- *The financial institution's characteristics*
- *The characteristics of the products you need according to your goals that this institution might offer: type of account, payment methods, savings and credit products, transfer products, etc.*

TRAINING AID F.1.1

Questions to ask the financial institution

CHARACTERISTICS TO BE CONSIDERED IN CHOOSING A FINANCIAL INSTITUTION	QUESTIONS TO ASK
Characteristics of the financial institution • Geographical proximity • Reputation and trustworthiness of the financial institution • Provision and quality of non-financial services (business training, financial education, etc.) • Remote services (balance enquiries via Internet, spending alerts via SMS, telephone banking, etc.) and costs • Quality of service and staff (waiting times, respect for customers, languages spoken, speed of service, etc.) • If needed, conditions of joining the institution (subscription, frequency of meetings, decision-making powers of members...) • Transparency regarding charges and terms and conditions, quality of the information given to customers • Products designed for specific groups of customers (students, salaried employees, pensioners...) • Charitable works undertaken (solidarity fund, sponsorships, foundations...) • (For people sending or receiving transfers to/from a relative), presence of the institution in the relative's region and geographical proximity to their place of residence	
Characteristics of the financial institution's products (in this case, savings) • Access to savings/flexibility of withdrawals • User-friendliness • Conditions for opening a savings account • Safety • Interest rate • Possibility of accessing other products and services provided by the financial institution • Costs of saving (charges, penalties) • Liquidity • Ethical values of the product (sustainable finance, environmental, Islamic...)	

TRAINING AID F.1.2

Questions to ask the financial institution (with suggested answers)

CHARACTERISTICS TO BE CONSIDERED IN CHOOSING A FINANCIAL INSTITUTION	QUESTIONS TO ASK
CHARACTERISTICS OF THE FINANCIAL INSTITUTION	
Geographical proximity	• Is there a branch of the financial institution near me (near my house, my place of work or other convenient location such as my children's nursery)? • If I have a payment card, is there an ATM nearby (near my house, place of work or other convenient location, such as the gym...)?
Reputation and trustworthiness of the institution (questions to ask yourself or your friends/family)	• Does this financial institution have a good reputation? • What does my family think of this institution? • Does this financial institution inspire me with confidence? • Have I heard of problems relating to the institution in the press or through friends and family? • Do I know anyone who has had a problem with this financial institution? What sort of problem? How was it resolved?
Provision and quality of non-financial services (business training, financial education...)	• Do you offer training services for customers/members? If so, on what topics? Who can take advantage of them? Are they free? • Are you involved in solidarity or sponsorship activities? • Are you involved in humanitarian activities? • Do you have advisors to help customers manage their investments and accounts?
Remote services (balance enquiries via Internet, spending alerts via SMS, telephone banking...) and costs	• Do you provide remote services? • Can a customer find out their balance online? • If so, is this service included free of charge when someone opens an account? If not, how much does the service cost? • Can I be notified of payments I have made by SMS?

CHARACTERISTICS TO BE CONSIDERED IN CHOOSING A FINANCIAL INSTITUTION	QUESTIONS TO ASK
CHARACTERISTICS OF THE FINANCIAL INSTITUTION	
Quality of service and staff (waiting times, respect for customers, languages spoken, speed of service...)	• What are the bank's opening hours? • What is the average waiting time before a customer is dealt with by a member of staff? • Do you have a nationwide ATM network? • Will I be charged if I withdraw money from another ATM (in another area, abroad, or belonging to another bank)?
TO BE DECIDED AT THE TIME OF THE VISIT	
If appropriate (mutual societies), conditions of membership	• Are there conditions for becoming a member of your financial institution? What are they? • How much is the subscription? Is it payable weekly, monthly, annually? • How often do members' meetings take place? • Is one obliged to attend these meetings? If so, what penalties apply if someone fails to attend? • What are the decision-making powers of the members?
Transparency regarding charges and terms and conditions, quality of the information given to customers (questions to ask yourself)	• Are the charges and conditions displayed on the premises of the financial institution? • Does the institution provide explanatory brochures or other means of information (website, etc.)? If so, did I get all the information I needed by reading the brochures/consulting the information? • Is the documentation provided easy to understand? • How does one open or close an account? How much does it cost?
Products designed for specific customer groups (students, salaried employees, pensioners...)	• Do you have any products or financial services designed especially for people like me? (young people, shopkeepers, employees, women, businessmen/women, etc.)
Charitable works undertaken (solidarity fund, sponsorships...)	• Is your institution involved in charitable works? If so, what are they? Who are the beneficiaries (children with disabilities, the sick, etc.)?
Presence of the institution abroad or in the region and geographical proximity to the place of residence of the relative sending or receiving money	• Is there a branch of the financial institution close to the place where my family lives (their home, place of work or other convenient location), as I will be sending and receiving money to/from them?

CHARACTERISTICS TO BE CONSIDERED IN CHOOSING A FINANCIAL INSTITUTION	QUESTIONS TO ASK
CHARACTERISTICS OF THE FINANCIAL INSTITUTION'S PRODUCTS (IN THIS CASE, SAVINGS)	
Access to savings/flexibility of withdrawals	• How often can I make withdrawals? • Is there a minimum amount per withdrawal? • Will I have to pay penalties if I make withdrawals from this savings account?
User-friendliness	• Do customers receive statements relating to their savings account? How often? • Do you offer a telephone and/or online banking service?
Conditions for opening a savings account	• What is the minimum deposit if I open a savings account? • What documents do I need to show you?
Security	• What insurance or guarantees are there for protecting customers' funds?
Interest rate	• What is the interest rate with this savings account? • How does the rate compare with that of other institutions? • How often is interest paid? • How is interest calculated? Is the rate fixed or variable?
Possibility of accessing other products and services provided by the financial institution	• By taking out a financial product, will I have access to other products and services? If so, what are they? At a more favourable rate?
Costs of saving (charges, penalties)	• What will it cost? (What charges are made for transfers, for withdrawals from ATMs) • What are the management charges for a savings account?
Liquidity	• Is it easy to withdraw funds? What is the procedure? • Can I withdraw the total amount if I want to? • Are there charges to pay if the funds are withdrawn before a certain date?
Ethical values of the product (sustainable finance, environmental, Islamic...)	• Does the financial product meet ethical standards? Which standards? • Does the product carry a label attesting to its compliance with these standards?

YOUR TURN

According to my goals, my personal situation, and my financial needs, I choose a financial institution with the following characteristics:

Example: close to my home

1. . . . . .
2. . . . . .
3. . . . . .

KEY MESSAGES

- To select a financial institution, you need to review its characteristics and products and choose those which best suit your needs.
- You can find the information on brochures of financial institutions and you can also ask questions to the institutions' employees.
- When you choose savings or credit products, keep in mind that the interest rate is the only one aspect to take into account among many others.

NOTES

2. USE FINANCIAL INSTITUTIONS WITH CONFIDENCE!



Case Study N°1

MALAK AND HER BROTHER SPEAK ABOUT FINANCIAL INSTITUTIONS

Malak drinks tea with her brother Farid. Farid had a bad experience with a bank: He went in to ask for information and was persuaded by a staff member to open an account, and he later discovered that the account had high fees. He also found out that he was paying for services he does not really use. He regrets having made a hasty decision. Malak explains that before opening her first bank account, she went into several banks and just asked for information. It was difficult to say no to members of staff, but she was able to get a lot of information. In the end, she decided to open an account with one of the banks she had visited that offered her a basic account with no fees and which did not require a minimum balance. She suggested Farid to do the same. Farid says he thought there were no institution offering this type of accounts and decides to do a bit of research.

QUESTIONS

- **Why does Farid not trust financial institutions?**

You must know that as a customer of a financial institution, you have responsibilities, but you also have rights!

Let's learn about these rights!

⚠ **IMPORTANT: If you had a bad experience with financial institutions, it is possible that entrusting them with your money can cause you anxiety or stress. Inform yourself before making a decision. Remember: you have rights.**

TRAINING AID F.2.1

Descriptive cards

DESCRIPTIVE CARD N° 1

I have to be filled in if you want to open a bank account. After you have filled me in, you must present your identity documents to a member of staff to complete the process. When you have filled me in and presented the necessary documents, you can go to the counter and deposit money in your account.

DESCRIPTIVE CARD N° 2

I sit at a desk in the entrance hall of the agency. My job is to help customers to open bank accounts. I can give you an application form for opening a bank account. I can also help you decide which bank account best meets your needs. Ask me questions about the products we offer and the forms you have to fill. Ask me what documents you need to open an account. Don't ask me to take deposits or give you sums of money.

DESCRIPTIVE CARD N° 3

I supervise all the staff and make sure they are working correctly. As well as the staff members you can see, I supervise those who are working behind the scenes in their offices, managing people's accounts and doing other things. Come and see me if you have problems that the other members of staff cannot sort out. Don't come and see me to open an account.

DESCRIPTIVE CARD N° 4

My job is handling money and recording transactions. I take customers' deposits and issue them with cash when they make withdrawals. Customers must present proof of their identity and a correctly complete form before I can deal with them. You can ask me how much money you have in your account or whether a payment has arrived. Don't ask me to open a bank account for you.

DESCRIPTIVE CARD N° 5

My job is to protect the bank, the bank staff and our customers. To do that, I need to keep an eye on everything that goes on in the bank. Don't ask me for information on how to open an account of fill in forms.

DESCRIPTIVE CARD N° 6

I display information on the kinds of products offered by the bank and how much they cost.

DESCRIPTIVE CARD N° 7

I hold all the forms required for performing transactions. You will need my forms if you want to carry out banking business with the counter staff.

DESCRIPTIVE CARD N° 8

You will need to complete me in every detail and sign me if you want to withdraw money from your account.

DESCRIPTIVE CARD N° 9

You can use me to pay someone without the need for cash (i.e. banknotes or coins). When you complete and sign me, you are giving the bank permission to pay the person whose name appears on me. The bank will pay the person with money drawn from your account.

DESCRIPTIVE CARD N° 10

You will need to complete me in every detail, including your account number, if you want to pay money into your account.

At the end of this module, you will find the right answers in Answers to exercises.

KEY MESSAGES

- In order to select a financial institution, you need to review its characteristics and its products and choose the ones that are the most adapted to your needs.
- To review the characteristics and the products of a financial institution, it is important to review the brochures, leaflets as well as ask the right questions to the staff: feel free, it is their job to answer your questions!
- Entering a bank or another financial institution does not mean you have to commit to open an account; you can start by gathering information.
- Everyone can, in theory, access services from financial institutions (if you can provide the required documentations!): you need to find the institution that meets your needs the most.
- As a customer of a financial institution, you have rights!

Now we are going to practice completing a form to open a bank account. We will use a generic application form.

TRAINING AID F.2.2

Application form for opening an account

YOURBANK

BOX RESERVED TO

APPLICATION FOR OPENING AN ACCOUNT

ACCOUNT HOLDER 1	ACCOUNT HOLDER 2
PERSONAL SITUATION	**PERSONAL SITUATION**
Civil status: ☐ M. ☐ Mrs. ☐ Ms.	Civil status:
Surname:	Surname:
Names:	Names:
Residence address: Zip-code:	Residence address: Zip-code:
Town:	Town:
Country:	Country:
Family situation: ☐ Married ☐ Separated ☐ Divorced ☐ Widow ☐ Single	Family situation: ☐ Married ☐ Separated ☐ Divorced ☐ Widow ☐ Single
Maiden name:	Maiden name:
Date and place of birth:	Date and place of birth:
Nationality:	Nationality:
Phone (home):	Phone (home):
Phone (mobile):	Phone (mobile):
Email:	Email:
PROFESSIONAL SITUATION	**PROFESSIONAL SITUATION**
Monthly net income: ||||||||	Monthly net income: ||||||||
☐ Active ☐ Job seeker ☐ Student ☐ Retired	☐ Active ☐ Job seeker ☐ Student ☐ Retired

ACCOUNTS

☐ Individual current account ☐ Joint current account ☐ Savings account

BANK CARDS AND SERVICES

☐ ATM card ☐ Internet banking
☐ Debit card ☐ Insurance for means of payment
☐ Credit card

SIGNATURES

ACCOUNT HOLDER 1	ACCOUNT HOLDER 2	BRANCH MANAGER

Date :

TRAINING AID F.2.3

Using an ATM for withdrawing money

Now we are going to practice using an ATM, simulating a cash withdrawal from a savings account

STEP 1: INSERT ATM CARD



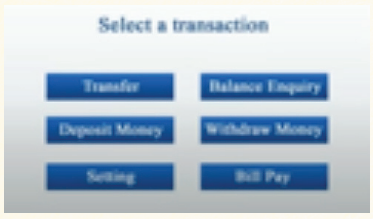
Insert your ATM card in the ATM machine (You may see a green slot or any kind of slot).

STEP 2: ENTER 4 DIGIT ATM PIN



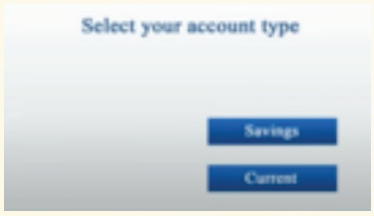
Using the keypad you have to enter your 4 digit password. But always remember that no one can see your password while you are entering it and also do not share this password with anyone. More than 3 times the wrong password, your ATM card can be blocked.

STEP 3: SELECT YOUR TRANSACTION



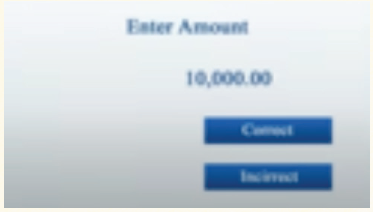
In this section, you can see many options on your display such as withdrawal money, transfer, balance enquiry, etc. In this case, you have to select withdrawal money.

STEP 4: SELECT YOUR ACCOUNT



In case your ATM card is connected to different bank accounts, you will need to select which bank account you want to make the withdrawal from.

STEP 5: ENTER THE AMOUNT



In this section, you have to enter your withdrawal amount and press enter.

But make sure your withdrawal amount does not exceed your balance in the account otherwise the transaction will fail.

STEP 6: COLLECT THE CASH



In this section, you have to collect your money from the lower slot of the machine.

STEP 7: SELECT ANOTHER TRANSACTION OR FINISH THE SESSION



In this moment you can select if you want to do another transaction or end your session. After pressing end your session make sure you take your ATM card.

You must know that as a customer of a financial institution, you have responsibilities, but you also have rights! Let's learn about these rights!

NOTES

TRAINING AID F.2.4

Descriptive cards - Client protection principles

DESCRIPTIVE CARD N°1

I own a chicken farm.

I have just contracted a farm loan with a nearby microcredit institution. The amount is exactly the amount I needed. In three months', time, I shall be selling my chickens and shall have a large sum of money.

However, I now have to pay back the loan to the microcredit institution in monthly instalments and I have no current income from my business to make the payments. It now seems to me that the loan was not suited to my needs.

Is it normal?

FINANCIAL EDUCATION

DESCRIPTIVE CARD N°2

I have already contracted two loans with the bank: one for a house purchase, the other to cover the costs of a religious ceremony last year.

Now, I would like to buy a small motorbike so I can get around more easily. My bank is refusing to give me a third loan.

Is this normal?
What can I do about it?

FINANCIAL EDUCATION

DESCRIPTIVE CARD N°3

I am a customer of a financial institution.

I have tried to make sense of the terms and conditions and charges associated with a savings product, but the brochure they have given me is in very small print and I do not understand all the terms used.

What should I do?

FINANCIAL EDUCATION

DESCRIPTIVE CARD N°4

I have a current account and a savings account with a financial institution.

I am unhappy because I have to pay high management charges for my current account, whereas my deposit account pays only a very low rate of interest.

This seems to be unfair.

Is this normal?

FINANCIAL EDUCATION

DESCRIPTIVE CARD N°5

I am heavily in debt and unable to make further loan repayments because I've just lost my job.

I'm afraid of what the bank might do if fail to make the repayments.

Could they come to my home and take my possessions or those of my family, or worse?

FINANCIAL EDUCATION

DESCRIPTIVE CARD N°6

I strongly disagree with my bank about something that has occurred.

Who can I turn to? Is there anyone at the bank who can help me?

FINANCIAL EDUCATION

DESCRIPTIVE CARD N°7

The bank employee who looks after my personal current account knows that I received a large sum of money last month.

Can he discuss it with a member of my family without my permission?

FINANCIAL EDUCATION



Appropriate product design and delivery

Financial institutions should ensure that their products and distribution channels are designed in such a way as not to harm their customers' interests. They should take into account their customers' characteristics when designing their products and distribution channels.

Prevention of over-indebtedness

Yes, it's perfectly normal. There is no such thing as a right to borrow money. By preventing its customers from getting heavily into debt, the bank is protecting you. This principle requires that financial institutions take measures to ensure that loans are granted only if borrowers can prove they are able to repay, and that loans do not put the borrowers at risk of getting heavily into debt.

Transparency

You should ask the bank staff for further information. This is your right, and financial institutions are bound to comply with the principle of offering a clear and responsible system of charges. In other words, the charges and conditions associated with financial products must be written clearly and communicated in a language that is easy for customers to understand.

Responsible pricing

Ask your advisor at the bank for more information. Financial institutions must ensure that their charges, conditions and procedures are affordable for customers, while enabling them as businesses to make a reasonable profit. Financial institutions should make every effort to ensure that funds deposited with them yield a fair rate of interest.

Fair and respectful treatment of clients

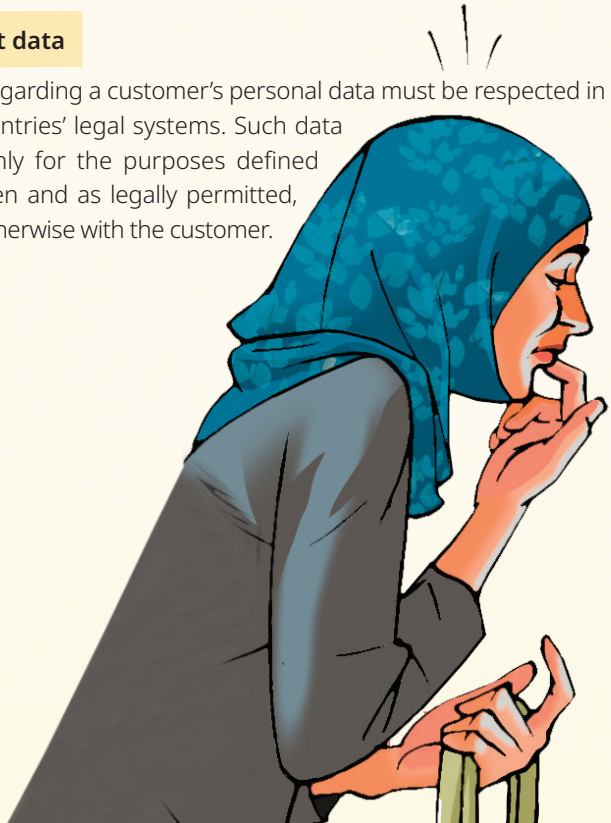
Financial institutions are bound to treat their customers fairly and respectfully. They must not practice discrimination in any form. They must ensure that adequate measures are in place to detect and remedy instances of corruption and any aggressive or abusive behavior on the part of their agents and staff, especially when making loans and recovering debts.

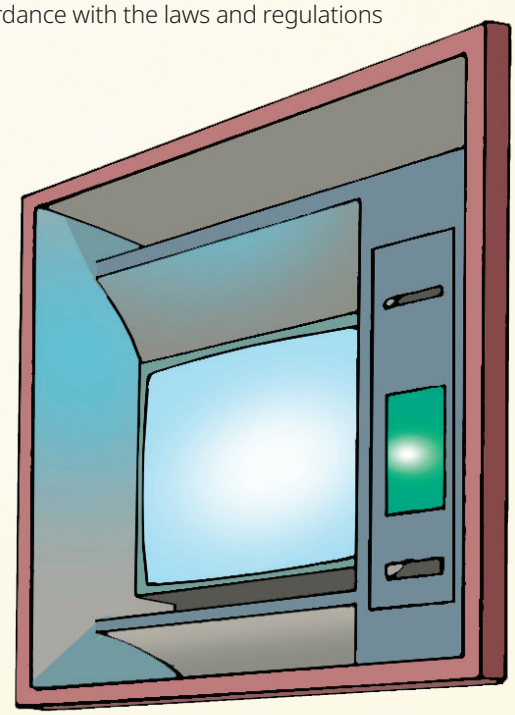
Mechanisms for complaint resolution

Financial institutions must have mechanisms for intervening in a timely manner in the event of problems and complaints on the part of their customers. They must use these mechanisms to resolve individual problems and to improve their products and services.

Privacy of client data

Confidentiality regarding a customer's personal data must be respected in accordance with the laws and regulations of individual countries' legal systems. Such data may be used only for the purposes defined when it was given and as legally permitted, unless agreed otherwise with the customer.





TRAINING AID F.2.5

Cards with scenarios of savings product needs

SITUATION CARDS



SCENARIO 1

Salma's mother would like to put aside some of the money that Salma sends her to pay for new windows for their house, which is usually one of the most expensive inputs.

She wants to save a fixed amount every month for one year. She doesn't want to be tempted to spend the money she receives and is thinking of a savings account that would enable her to achieve their family goals.

Her husband doesn't think they should open a savings account with a financial institution.

Nonetheless, after discussing the matter on several occasions with Salma and getting informed, her parents have decided to open a contractual savings account which will enable them to make fixed monthly deposits to save for a given period.

What questions should you ask financial institutions to find the one that has the most suitable and most attractive product for Salma's parents?

FINANCIAL EDUCATION

SITUATION CARDS



SCENARIO 2

Arjun has just attended a financial education session organized in the factory that he works for. The topic was "Saving some money for a rainy day".

He is now determined to put some money aside every month, if only a small amount, to build an emergency fund while being in Jordan in case he faces unexpected expenses.

He has decided to try to open a flexible savings account.

What questions should you ask financial institutions to find the one that has the most suitable and most attractive product for Arjun?

FINANCIAL EDUCATION

SITUATION CARDS



SCENARIO 3

At lunch, Malak and her friend Aisha discussed over the phone about the money issues they are both facing. They have both been saving consistently at the bank in the last few months.

Malak tells Aisha that she does not want to be able to withdraw these savings and wants to get the highest possible rate of interest. They have agreed that Malak should open a fixed-term savings account.

What questions should you ask financial institutions to find the one that has the most suitable and most attractive product for Malak?

FINANCIAL EDUCATION

SITUATION CARDS



SCENARIO 4

Prisha would like to buy a computer as soon as she is back in Sri Lanka in order to do some online trainings. She received many trainings in Jordan and really enjoys them. They are expensive but if she could put a little aside each month for a year, she would have enough to buy the computer in 2 years' time.

So, she must avoid any temptation that would induce her to draw on her savings for other purposes. She has finally decided to open a regular savings account where to be able to save the money for this goal, at her own pace.

What questions should you ask financial institutions to find the one that has the most suitable product for Prisha?

FINANCIAL EDUCATION

TRAINING AID F.2.6

Form for reporting on visit to financial institutions

INSTITUTION VISITED:

ROLE OF THE PERSON INTERVIEWED:

Complete the following table for each product offered by the financial institution you visited. .

PRODUCTS:

CHARACTERISTICS TO BE CONSIDERED IN CHOOSING A FINANCIAL INSTITUTION	ANSWERS RECEIVED DURING THE VISIT
CHARACTERISTICS OF THE FINANCIAL INSTITUTION	
Geographical proximity	
Reputation and trustworthiness of the financial institution	
Provision and quality of non-financial services (business training, financial education, etc.)	
Remote services (balance enquiries via Internet, spending alerts via SMS, telephone banking, etc.) and costs	
Quality of service and staff (waiting times, respect for customers, languages spoken, speed of service, etc.)	
If appropriate, conditions of joining (subscription, frequency of meetings, decision-making powers of members, etc.)	
Transparency regarding charges and terms and conditions, quality of the information given to customers	

CHARACTERISTICS TO BE CONSIDERED IN CHOOSING A FINANCIAL INSTITUTION	ANSWERS RECEIVED DURING THE VISIT
CHARACTERISTICS OF THE FINANCIAL INSTITUTION	
Products designed for specific customer groups (students, salaried employees, pensioners, etc.)	
Charitable works undertaken (solidarity fund, sponsorships, etc.)	
Presence of the institution abroad or in the region and geographical proximity to the place of residence of the relative sending or receiving money	
CHARACTERISTICS OF THE FINANCIAL INSTITUTION'S PRODUCTS (IN THIS CASE, SAVINGS)	
Access to savings/flexibility of withdrawals	
User-friendliness	
Conditions for opening a savings account	
Security	

CHARACTERISTICS TO BE CONSIDERED IN CHOOSING A FINANCIAL INSTITUTION	ANSWERS RECEIVED DURING THE VISIT
CHARACTERISTICS OF THE FINANCIAL INSTITUTION'S PRODUCTS (IN THIS CASE, SAVINGS)	
Interest rate	
Possibility of accessing other products and services provided by the financial institution	
Costs of saving (charges, penalties)	
Liquidity	
Ethical values of the product (sustainable finance, environmental, Islamic, etc.)	

NOTES



ANSWERS TO EXERCISES

TRAINING AID F.2.1

Descriptive cards

ANSWERS DESCRIPTIVE CARD N°1

Application form
for opening an account

ANSWERS DESCRIPTIVE CARD N°2

Customer service agent

ANSWERS DESCRIPTIVE CARD N°3

Branch manager

ANSWERS DESCRIPTIVE CARD N°4

Bank clerk

ANSWERS DESCRIPTIVE CARD N°5

Security guard

ANSWERS DESCRIPTIVE CARD N°6

Display board

ANSWERS DESCRIPTIVE CARD N°7

Document display shelves

ANSWERS DESCRIPTIVE CARD N°8

Withdrawal slip

ANSWERS DESCRIPTIVE CARD N°9

A cheque

ANSWERS DESCRIPTIVE CARD N°10

Paying-in slip

TRAINING AID F.2.5

With solutions



DESCRIPTIVE CARD N 1

I own a chicken farm. I have just contracted a farm loan with a nearby microcredit institution. The amount is exactly the amount I needed. In three months' time, I shall be selling my chickens and shall have a large sum of money.

However, I now have to pay back the loan to the microcredit institution in monthly instalments and I have no income from my business to make the payments. It now seems to me that the loan was not suited to my needs.

Is this normal?

FINANCIAL EDUCATION

CLIENT PROTECTION PRINCIPLES APPLIED

Appropriate product design and delivery.

Financial institutions should ensure that their products and distribution channels are designed in such a way as not to harm their customers' interests. They should take into account their customers' characteristics when designing their products and distribution channels.

DESCRIPTIVE CARD N 2

I have already contracted two loans with the bank: one for a house purchase, the other to cover the costs of a religious ceremony last year.

I'd now like to buy a small motorbike so I can get around more easily. My bank is refusing to give me a third loan. Is this normal? What can I do about it?

What can I do about it?

FINANCIAL EDUCATION

CLIENT PROTECTION PRINCIPLES APPLIED

Prevention of over-indebtedness.

Yes, it's perfectly normal. There is no such thing as a right to borrow money. By preventing its customers from getting heavily into debt, the bank is protecting you. This principle requires that financial institutions take measures to ensure that loans are granted only if borrowers can prove they are able to repay, and that loans do not put the borrowers at risk of getting heavily into debt.

DESCRIPTIVE CARD N 3

I am a customer of a financial institution.

I have tried to make sense of the terms and conditions and charges associated with a savings product, but the brochure they have given me is in very small print and I do not understand all the terms used.

What should I do?

FINANCIAL EDUCATION

CLIENT PROTECTION PRINCIPLES APPLIED

Transparency.

You should ask the bank staff for further information. This is your right, and financial institutions are bound to comply with the principle of offering a clear and responsible system of charges. In other words, the charges and conditions associated with financial products must be written clearly and communicated in a language that is easy for customers to understand.

DESCRIPTIVE CARD N 4

I have a current account and a savings account with a financial institution.

I am unhappy because I have to pay high management charges for my current account, whereas my deposit account pays only a very low rate of interest.

This seems to be unfair. Is this normal?

FINANCIAL EDUCATION

CLIENT PROTECTION PRINCIPLES APPLIED

Responsible pricing.

Ask your advisor at the bank for more information. Financial institutions must ensure that their charges, conditions and procedures are affordable for customers, while enabling them as businesses to make a reasonable profit. Financial institutions should make every effort to ensure that funds deposited with them yield a fair rate of interest.

DESCRIPTIVE CARD N 5

I am heavily in debt and unable to make further loan repayments because I've just lost my job.

I'm afraid of what the bank might do if I fail to make the repayments.

Could they come to my home and take my possessions or those of my family, or worse?

FINANCIAL EDUCATION

CLIENT PROTECTION PRINCIPLES APPLIED

Fair and respectful treatment of clients.

Financial institutions are bound to treat their customers fairly and respectfully. They must not practice discrimination in any form. They must ensure that adequate measures are in place to detect and remedy instances of corruption and any aggressive or abusive behavior on the part of their agents and staff, especially when making loans and recovering debts.

DESCRIPTIVE CARD N 6

I strongly disagree with my bank about something that has occurred. Whom should I turn to?

Is there someone at the bank who can help me?

FINANCIAL EDUCATION

CLIENT PROTECTION PRINCIPLES APPLIED

Mechanisms for complaint resolution.

Financial institutions must have mechanisms for intervening in a timely manner in the event of problems and complaints on the part of their customers. They must use these mechanisms to resolve individual problems and to improve their products and services.

DESCRIPTIVE CARD N 7

The bank employee who looks after my personal current account knows that I received a large sum of money last month.

Can he discuss it with a member of my family without my permission?

FINANCIAL EDUCATION

CLIENT PROTECTION PRINCIPLES APPLIED

Privacy of client data.

Confidentiality regarding a customer's personal data must be respected in accordance with the laws and regulations of individual countries' legal systems. Such data may be used only for the purposes defined when it was given and as legally permitted, unless agreed otherwise with the customer.





G

RISK MANAGEMENT AND INSURANCE

FINANCIAL QUIZ EDUCATION

G1. Which of the following sentences is not related to a risk?

- ☐ **a.** Run into bankruptcy.
- ☐ **b.** Be sad.
- ☐ **c.** Have a work accident.
- ☐ **d.** Be victim of a fire.

G2. The list below shows protection measures against risks, except one, which one?

- ☐ **a.** Have savings.
- ☐ **b.** Subscribe to an insurance.
- ☐ **c.** Send money.
- ☐ **d.** Use a mosquito net.

G3. Insurance offers a protection against the possibility of a loss.

☐ **a.** True ☐ **b.** False

G4. What is an exclusion?

- ☐ **a.** A Document given to the policyholder by the insurance company that states the terms and conditions of the insurance contract.
- ☐ **b.** Specific condition, circumstance, or situation usually listed in a contract as being not covered.
- ☐ **c.** A request for payment for a loss that is covered by the policy.

Answers: G1: b; G2: c.; G3: a; G4: b

1. MANAGE RISKS

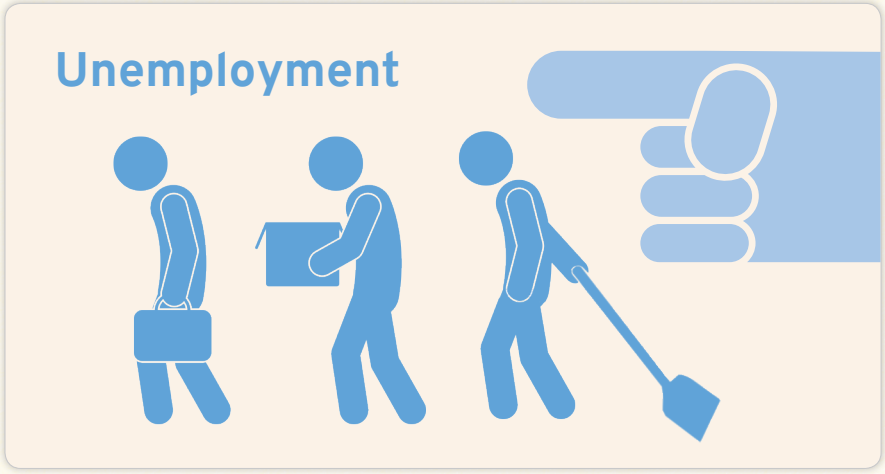
A risk is a more or less foreseeable danger that can have a damaging impact on us or on our family. Risks have different probabilities to happen and their consequences are different, from minor to very serious, depending on the nature of the risk and of the characteristics of the people or places that are affected.

DEFINITION

A danger is a situation in which there is the possibility or threat that something unwelcome or unpleasant happen.

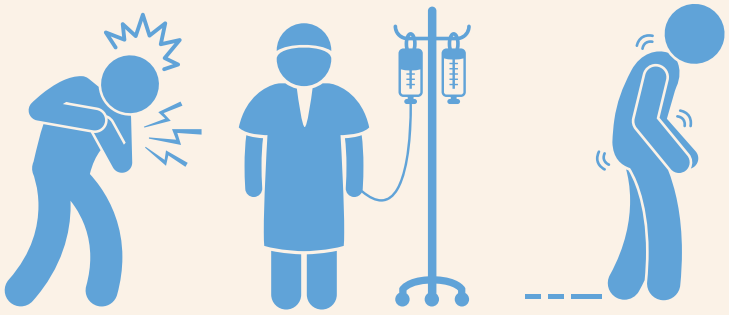
TRAINING AID G.1.1

Risk cards





Sickness



A death



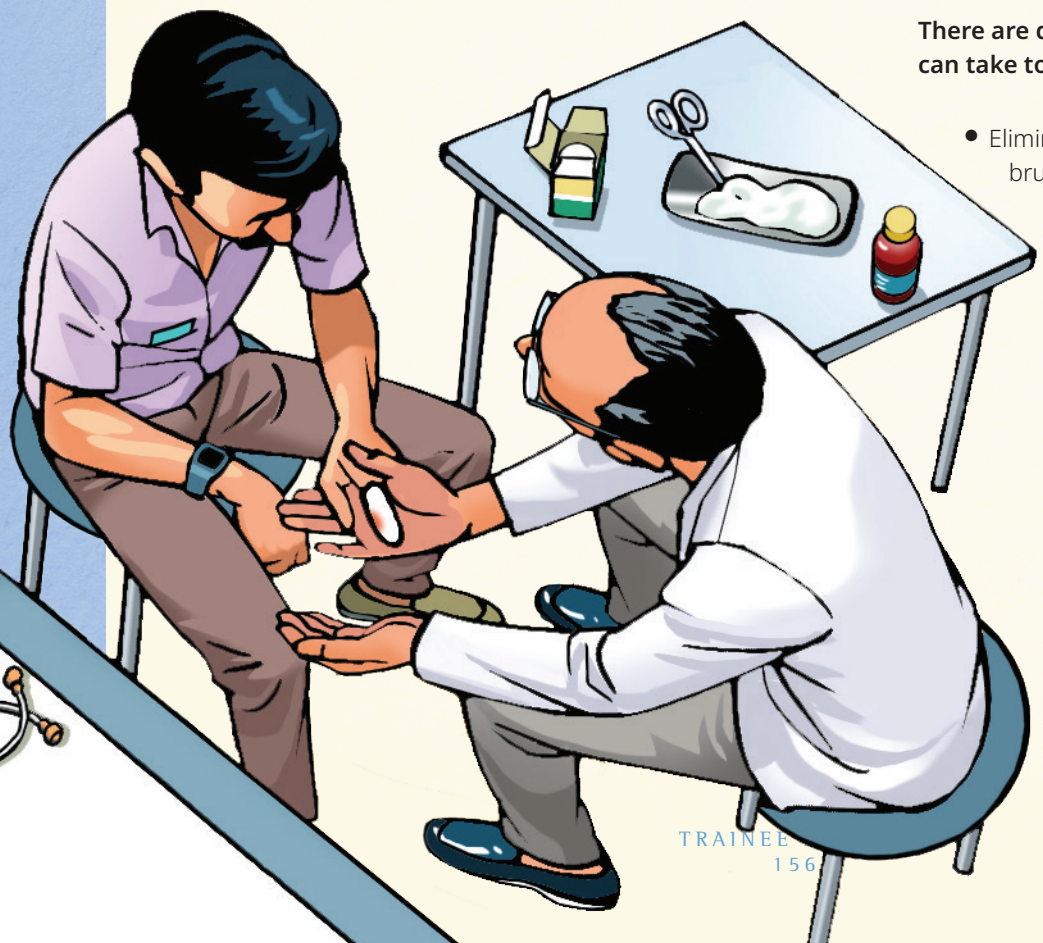
Fire



Taking into account the risks that you and your family can face, write the risks in the boxes according to their frequency (probability to happen) and their costs. As an example, death is something that happens very rarely (once!) but it has very high costs for the family.

		COSTS		
		Not very significant	Fairly significant	Very significant
FREQUENCY	Frequent			
	Medium			
	Rare			Example: death

As you can see, the various risks are more or less likely and may have different consequences, from minor to very serious, depending on the nature of the risk and the characteristics of the person or places affected.



REMEMBER

There are different protective measures you can take to protect yourself:

- Eliminating/avoiding the risk (e.g. by brushing your teeth).
- Transferring the risk to a third party (a mutual benefit association or insurance company).
- Predict the impact of risk and prepare against it (by saving, for example).

There are different measures you can take to protect yourself and your family against this risk. Write these measures under an umbrella!

TRAINING AID G.1.2

My umbrella



KEY MESSAGES

- Risks are inherent to life.
- Some risks can be foreseen, and you need to take measures so that their impact will be lower.
- It is essential to have an emergency fund so that minor emergencies do not affect you too much; saving is key to reducing your vulnerability.
- For other emergencies, personal savings might not be enough: you need to use insurance.
- You need to take measures to protect yourself and your family.

2. TIPS TO CREATE YOUR EMERGENCY FUND

- Start putting money aside for personal emergencies on a daily or weekly basis, even if the amounts are small. Little by little, your fund will grow.
- Keep your money in a safe place, preferably out of the house, so no one can get at it. Opening a savings account, if possible, could be a good idea.
- Save varying amounts, depending on how much you are paid on any particular occasion. It is not necessary that you always save the same amount.
- Do everything you can to cut out unnecessary expenditure. Everyone can save, however little they earn, if only a small sum.



Case Study N°1

SALMA'S EMERGENCY FUND

Salma has decided together with her family to build her emergency fund. To do it, she decides to create a table that indicates all her family income during the last year.
The table looks like this:

Salma's family's income over one year

Month	Amount (Dollars)
January	450
February	450
March	480
April	410
May	440
June	460
July	450
August	420
September	480
October	470
November	440
December	420
Total	**5,370.00**

Questions about Salma and her family:

- What is the total amount Salma's family earn over a 12-month period (consider there might be fixed and variable income)?
- What is the family's average monthly income?
- What is the total amount they need to set aside in an emergency fund?

REMEMBER

Your emergency fund is intended to cover expenditures for relatively minor emergencies. Most of you will not be able to put money aside for major emergencies, such as a long course of medical treatment or a death in the family.

If you plan for emergencies, you are more likely to achieve your goals. If you have an emergency fund, you will avoid having to draw on the savings you have made for starting a business, making home improvements, investing in education (yours or your children's). And you will avoid having to borrow and pay a high rate of interest.



3. UNDERSTAND YOUR INSURANCE POLICY

INSURANCE: What is the idea?

The principle of insurance is to defend ourselves against a risk we may face (accident, illness, theft, etc.) and to set aside some money to receive a compensation the day the event will occur.

DEFINITION

Insurance is a form of protection, for anyone who has subscribed to an insurance contract, in the form of monetary compensation as a result of an accident or of any event covered by the insurance.

Mutual benefit association: a mutual benefit association is a non-for profit organization that is owned collectively by its members. It provides insurance to its members and acts in their best interest.

Insurance company: an insurance company is a business that provides insurance services. Its goal is to make profits.



Case Study N°2

ARJUN INJURES HIS HAND

One day at the factory, Arjun had an accident with the machine he operates. He did his best to stop the bleeding and bound up the wound. He tried to ignore the pain, but that evening his finger was badly swollen. He went to work his usual shift the next day but was in a lot of pain. It was the first time something like this happened to him and he did not say anything to his boss for fear of him getting angry. He was also afraid that, if he had to go through expensive studies such as X-rays, bandages and medicines, he would not have enough money for this. At the lunch break, one colleague realized that Arjun was in pain. He explained to him that as workers of this factory there is primary health care service within the factory open during working times. He explained Arjun he could go right away to get checked. In case he had something more serious, the medical staff could refer him to a specialized doctor or hospital, at no cost for him. Arjun was very relieved after hearing this and went directly to check his hand at the health clinic at the workplace.

Case Study N°3

FARID, MALAK'S BROTHER, INJURES HIS FOOT

One day at work, Farid dropped a heavy tool on his foot and broke his toe. He did his best to stop the bleeding and bound up the wound. He tried to ignore the pain, but that evening his toe was badly swollen. He went to work the next day but was in a lot of pain. He did not say anything to his supervisor for fear of losing his job (his manager gets very angry when workers ask for time off). He was also afraid that, if he went to the hospital, he would not be able to pay for the X-rays, bandages and medicines. He thought he had an insurance policy but was not sure he could use it for a minor injury like a broken toe. He was worried. What would happen if he needed expensive medicines or had to pay to see the doctor? What should he do? Fortunately, Malak lent him some money and he was able to get treatment. He would like to avoid having to borrow money if something similar were to happen again.



IMPORTANT: Sometimes our stress can have an impact on our body . If money management worries you this can result in physical health problems.

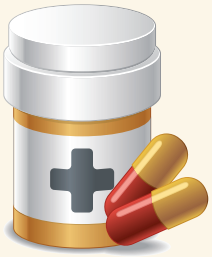


TRAINING AID G.2.1

Treasure Pot Game playing cards

TREASURE POT GAME

3 Tokens



MEDICINES

FINANCIAL EDUCATION

TREASURE POT GAME

7 Tokens



HOSPITAL

FINANCIAL EDUCATION

TREASURE POT GAME



GOOD HEALTH

FINANCIAL EDUCATION

TREASURE POT GAME

4 Tokens



DOCTOR

FINANCIAL EDUCATION

Game
THE TREASURE POT

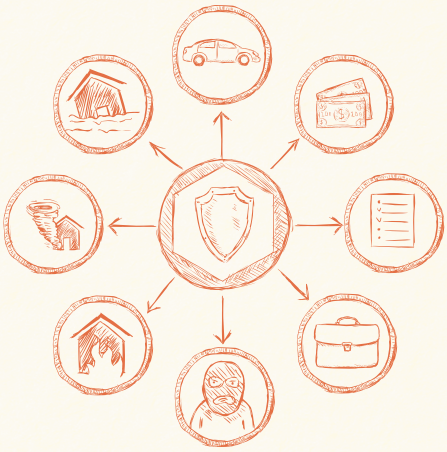
You never know when or how much you will have to pay for your health. Sometimes the health expenses are so large that they go beyond our financial capacity. This is the reason why it is important to pool risks through a subscription to insurance.

The secret of risk pooling lies on the fact that we all contribute with a part of our resources to a common pot. We do not need to draw from this pot all at the same time. However, insurance works only if all contribute together.

You need to pay in advance to be sure to have access to healthcare services, those covered by the insurance. The extent of the healthcare services you can access depends on the level of your contribution. The more you contribute, the more services you have access to.

KEY MESSAGES

- Insurance: a tool for income preservation and social protection.
- To be insured is to prevent risks.
- Insurance: pooling of risks.



⚠ Attention: **Some workers, especially workers who receive a salary from formal enterprises (i.e. from a company registered with the State services and who pays taxes), have insurance coverage but often they don't know what it covers or how to use it. Sometimes, insurance company employees do not clearly explain insurance mechanisms, and they use complicated terms.**



REMEMBER

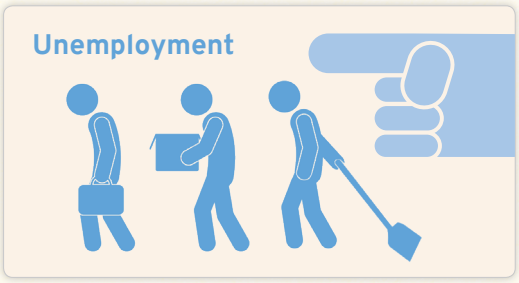
Knowledge is power. You should know what insurance is (events covered, payment, how to make a claim). Always keep your insurance card with you, if you have one.

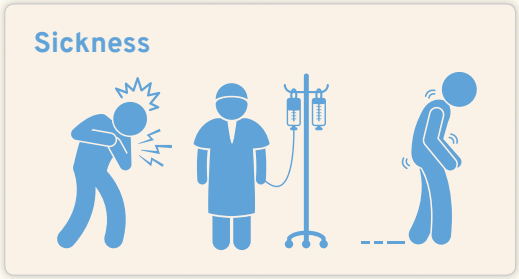
4. USE YOUR INSURANCE POLICY

People face many different risks in the course of their life and each period of their lives comes with a number of different risks. Some risks are general and may happen to anyone. Other risks may be specific to categories of people.

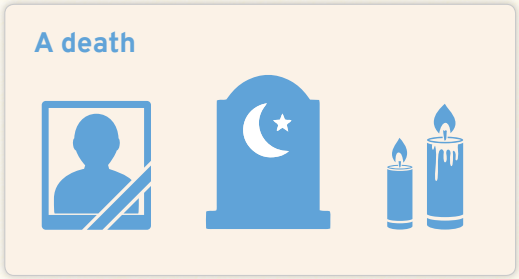
TRAINING AID G.3.1

Risk cards













QUESTIONS

- Do you have an insurance policy? If you don't, would you like to have one? ☐ Yes ☐ No
- Do you know the key insurance terms? ☐ Yes ☐ No

Let's review the key terms and definitions

BASIC INSURANCE TERMS	
Compensation or pay-out	*The amount the insurance company pays to the insured person when the event against which they are insured (often referred to as the risk: accident, fire, illness, etc.) has occurred, subject to presentation of a valid claim.*
Policy	*The agreement between the insured (the customer) and the insurance company. The policy sets out the terms, conditions, duration, risks covered and exclusions.*
Premium	*The price or cost of an insurance policy, often split into monthly or quarterly instalments.*
Insured (person) / member / beneficiary	*The person who receives the insurance pay-out when a risk covered by the policy arises.*
Claim	*Request for compensation following a loss covered by the insurance policy*
Insurance card	*Card issued by the insurance provider as proof that the policyholder has paid for a premium.*

To make a successful claim you should follow some steps. Remember you will need to fill in a claim form and send all the necessary documents.



TRAINING AID G.3.2

Stages in making an insurance claim

STAGES IN MAKING AN INSURANCE CLAIM

Complete the claim form as soon as possible after the damage/loss occurred (within 12 months, depending on the terms of the policy).

FINANCIAL EDUCATION

STAGES IN MAKING AN INSURANCE CLAIM

Submit the required documents: letter of claim signed by the policyholder, membership card, photocopy of your identity document, etc.

FINANCIAL EDUCATION

STAGES IN MAKING AN INSURANCE CLAIM

If you get paid less than you expected, make your complaint heard, find out why and try to address it.

FINANCIAL EDUCATION

STAGES IN MAKING AN INSURANCE CLAIM

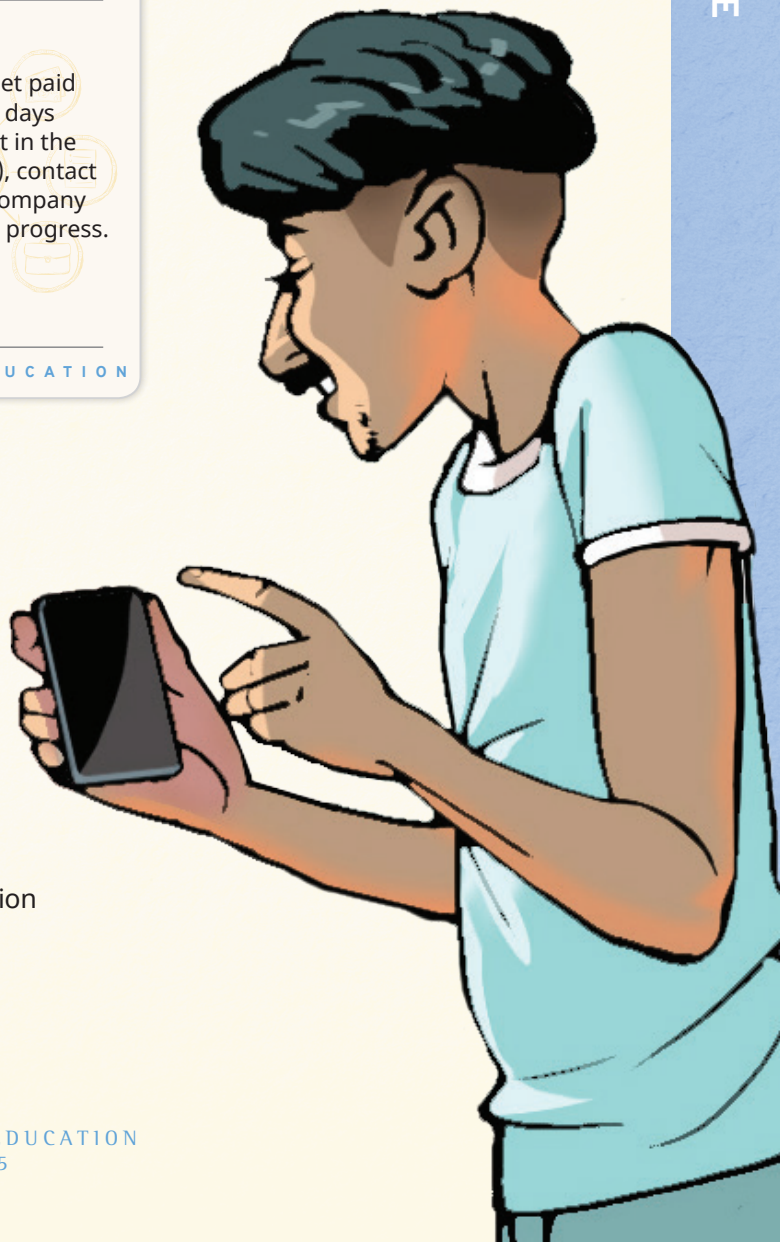
Verify that the compensation paid matches the benefit you should be paid.

FINANCIAL EDUCATION

STAGES IN MAKING AN INSURANCE CLAIM

If you do not get paid within seven days (or the time set in the insurance policy), contact the insurance company again to check on progress.

FINANCIAL EDUCATION



KEY MESSAGES

- In order to find the insurance product that best meets your needs, you first need to identify the risks you and the persons you want to insure face.
- Insurance uses specific terms - You should learn them well in order to understand the available insurance products and make informed choice.
- Each insured risk may require different documentation when making a claim.

5. CHOOSE YOUR RIGHT INSURANCE PRODUCT

We are now going to help our characters to solve some doubts they might have about the health insurance policies they have hired.

TRAINING AID G.4.1

Health insurance case studies

CASE STUDY #1 Salma's father

Salma's father has signed up to a micro health insurance policy for him and Salma's mother. He uses part of the remittances sent by Salma to pay for the premiums.

During the first year, none of them suffered any health problems.
Salma's father thought he should get a refund of at least some of his premiums, as he had not used the policy to obtain health care.

- **Is Salma's father entitled to a refund? Why?**

CASE STUDY #2 Malak

Malak's parents have taken a health insurance. During the winter, a brother from Malak's father comes to live with them for a short period of time. Malak's uncle gets a bad dose of flu and is hospitalized.

- **Will Malak's parents insurance cover the costs of her uncle's health care? Why?**

CASE STUDY #3 Prisha

Prisha fears that she will not be able to pay the premiums for a new insurance she was offered when she bought a new phone.

But she knows she will visit Sri Lanka next month and would love to have the cover for that period in case something happens with her phone.

Even though the premium provides coverage for a year, Prisha wants to subscribe to the policy for just three months, beginning one month before her trip and ending two months after it.

- **Can Prisha purchase an insurance policy for just three months? Why?**

KEY MESSAGES

- Insurance may look complicated. But, now that you understand the basics, you can evaluate if the protection your insurance offers is worth the cost.
- If you want to purchase a health insurance policy, you will have to decide which family members to include in the policy. Some policies charge extra premiums for each family member you add to the policy. Some offer a basic package for a family of four, and charge extra for any more family members.
- It is very important to learn the rules that each policy uses to calculate the premiums for insuring your family.
- Insurance policies are not all the same. It is important to understand the policy and its conditions before subscribing to it. Be confident to talk to an insurance agent, your employer or your trade union representative if you have any doubts.
- If you're interested in buying an insurance policy, or if you have any question, immediately talk about it to an insurance agent, your employer, or your union representative.

NOTES

ANNEXES AND KEY DOCUMENTS

CHALLENGES IN PUTTING MONEY ASIDE FOR AN EMERGENCY FUND	ADVICE
I prefer to give all my earnings to my parents and family (family obligations particularly strong in the case of young people and migrants)	• Save for personal emergencies so you can take care of yourself when your family can't help you (especially for those living far from home). • Start putting money aside for personal emergencies on a daily or weekly basis, even if the amounts are small. Little by little, your fund will grow.
When I keep money in my room, I'm afraid it might be stolen or lost.	• Keep your money in a safe place, preferably out of the house, so no one can get at it. • Open a savings account (for an emergency fund, the best solution is a flexible saver, which means you can withdraw your money at any time).
My income is irregular (e.g. seasonal).	• Save varying amounts, depending on how much you are paid on any particular occasion.
I have to use all my disposable income to pay off debts.	• Draw up a timetable for paying off your debts, starting with those on which you pay the highest interest. • At the same time, start putting money aside for personal emergencies on a daily or weekly basis, even if the amounts are small. Your savings will grow.
I can barely cover my basic needs.	• Do everything you can to cut out unnecessary expenditure. • Everyone can save, however little they earn, if only a small sum (mention a small amount in the local currency that could put aside each day, week or month).

ANSWERS TO EXERCISES

TRAINING AID G.4.1



SOLUTION CASE STUDY #1

Is Salma's father entitled to a refund? Why?

Salma's father is not entitled to a refund, because the purpose of his health insurance is to protect against a risk. Even if no one in his family falls ill or needs to see a doctor, his premiums will not be refunded.



SOLUTION CASE STUDY #2

Will Malak's parents' insurance cover the costs of her uncle's health care? Why?

No, Malak's parents' policy clearly does not cover her uncle. A policy of this kind typically covers only the immediate family (husband, wife and their children). The only exception would be if Malak's parents had paid an additional premium to insure her uncle when they took out the policy.



SOLUTION CASE STUDY #3

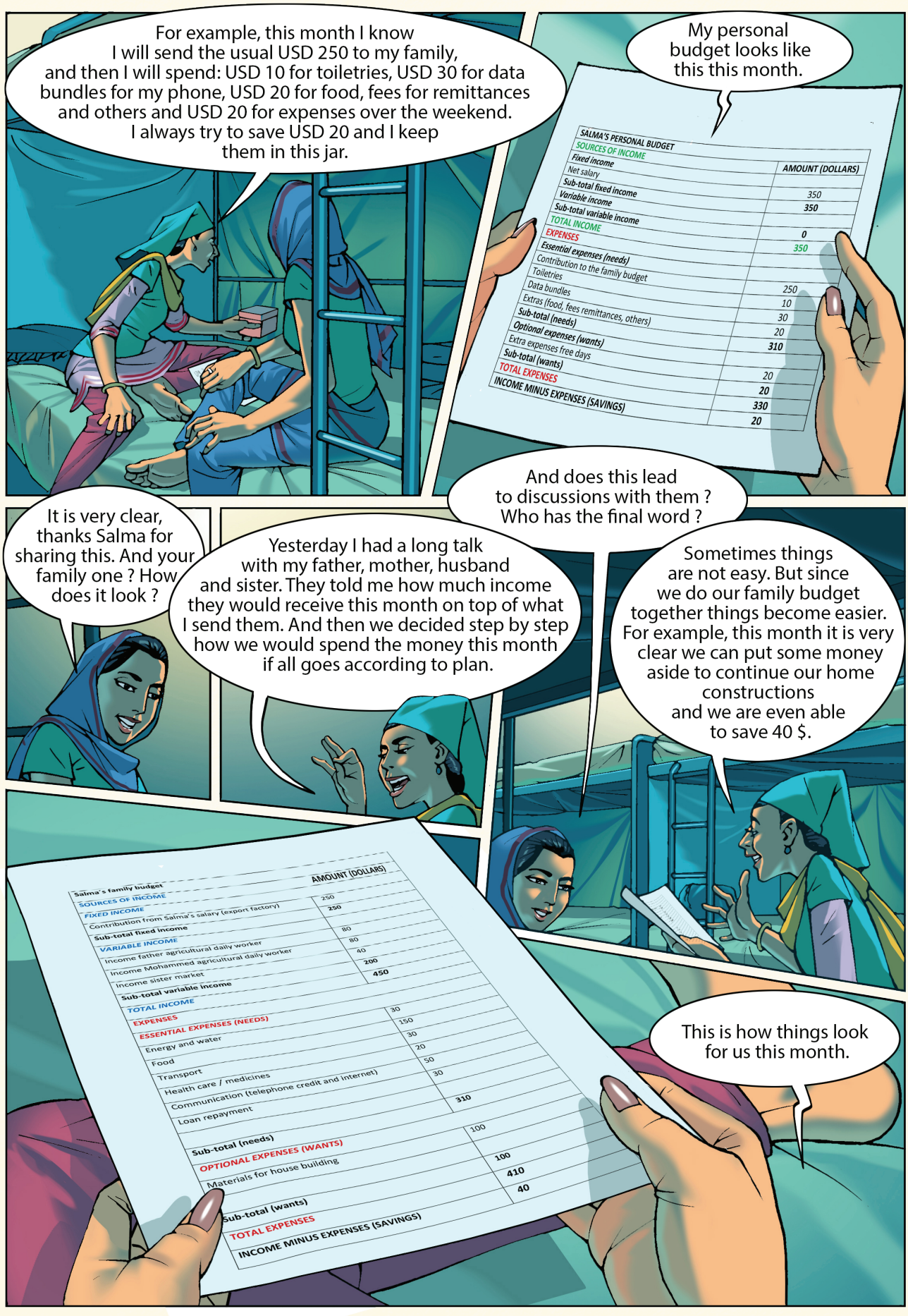
Can Prisha purchase an insurance policy for just three months? Why?

The character cannot buy a cover for just three months because the premiums are set for one year. She cannot change the number of months; she must pay the insurance premium for a whole year.



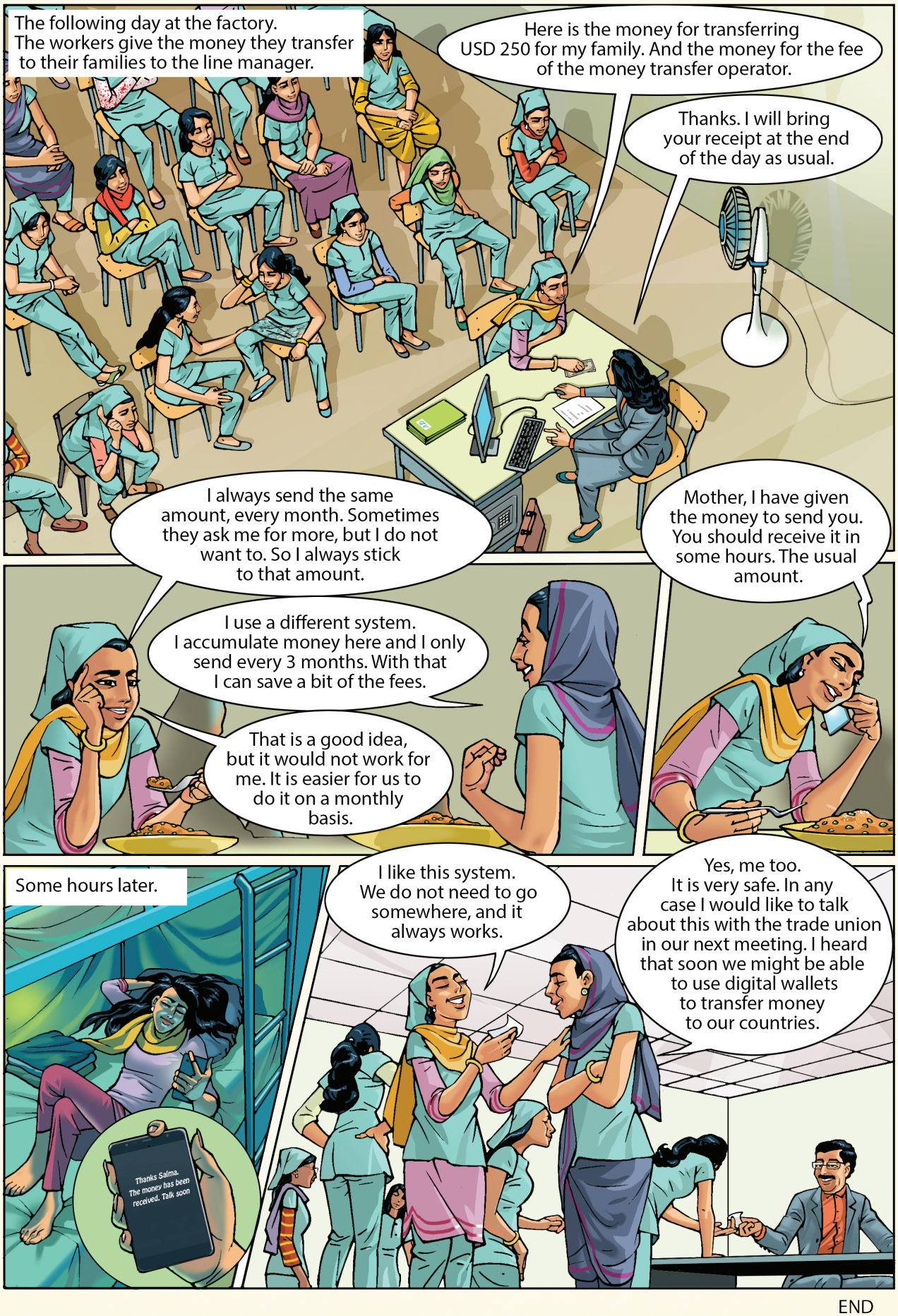
Salma


At the factory dormitories.
I am very tired today, but I still want to make the budget for next month.
You are so disciplined Salma, I don't know how you do it.
Not really. My personal one only I know the figures. But for the family one I always speak over the phone with my family, so we decide what to spend the money on. It has always helped us so much to understand and plan our finances.
I always use two budgets. My personal one and my family one.
And you discuss all with your family?
That is amazing Salma. If you don't mind, I will pay attention at how do you do it. I would love to make a budget for myself and my family next month.
The most important thing for the personal budget is to know exactly how much you earn. With that, then I decide how much I keep for my expenses, how much I send to my family and I want to save something for me.


For example, this month I know I will send the usual USD 250 to my family, and then I will spend: USD 10 for toiletries, USD 30 for data bundles for my phone, USD 20 for food, fees for remittances and others and USD 20 for expenses over the weekend. I always try to save USD 20 and I keep them in this jar.
My personal budget looks like this this month.
SALMA'S PERSONAL BUDGET
SOURCES OF INCOME
AMOUNT (DOLLARS)
Fixed income
Net salary 350
Sub-total fixed income 350
Variable income
Sub-total variable income 0
TOTAL INCOME 350
EXPENSES
Essential expenses (needs)
Contribution to the family budget 250
Toiletries 10
Data bundles 30
Extras (food, fees remittances, others) 20
Sub-total (needs) 310
Optional expenses (wants)
Extra expenses free days 20
Sub-total (wants) 20
TOTAL EXPENSES 330
INCOME MINUS EXPENSES (SAVINGS) 20
And does this lead to discussions with them ? Who has the final word ?
It is very clear, thanks Salma for sharing this. And your family one ? How does it look ?
Yesterday I had a long talk with my father, mother, husband and sister. They told me how much income they would receive this month on top of what I send them. And then we decided step by step how we would spend the money this month if all goes according to plan.
Sometimes things are not easy. But since we do our family budget together things become easier. For example, this month it is very clear we can put some money aside to continue our home constructions and we are even able to save 40 $.
Salma's family budget
AMOUNT (DOLLARS)
SOURCES OF INCOME
FIXED INCOME
Contribution from Salma's salary (export factory) 250
Sub-total fixed income 250
VARIABLE INCOME
Income father agricultural daily worker 80
Income Mohammed agricultural daily worker 80
Income sister market 40
Sub-total variable income 200
TOTAL INCOME 450
EXPENSES
ESSENTIAL EXPENSES (NEEDS)
Energy and water 30
Food 150
Transport 30
Health care / medicines 20
Communication (telephone credit and internet) 50
Loan repayment 30
Sub-total (needs) 310
OPTIONAL EXPENSES (WANTS)
Materials for house building 100
Sub-total (wants) 100
TOTAL EXPENSES 410
INCOME MINUS EXPENSES (SAVINGS) 40
This is how things look for us this month.

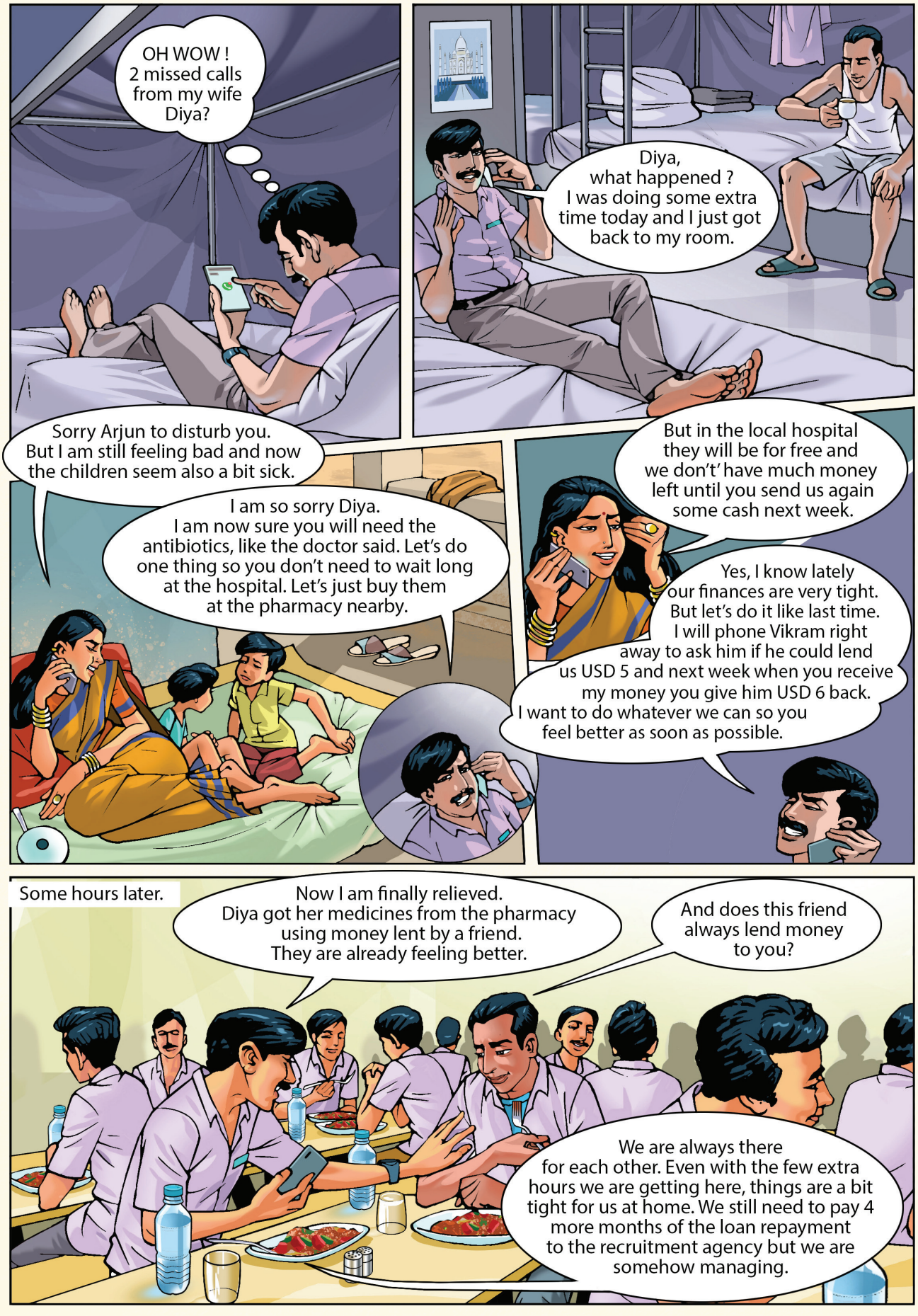

The following day outside the factory.
Are you also thinking of opening a bank account ? More and more workers in other factories are doing that I heard and the factory manager told us he can help us to do it if we want. Then we can get our wages deposited directly into the account.
I am not sure. I was happy with my bank account in Bangladesh but here it makes me a bit scared, I do not know the language and I am afraid something can happen to my money.
I think it can have some advantages. For example, we would not need to carry cash with us all the time. And maybe we would even spend a bit less money if we keep there most of our salary.
Should we go to drink a tea now ?
Yes, that is true. But somehow here in Jordan I feel safer having the money with me. I need to think about it and probably also discuss with my parents as they always give me good advice.
Let me first hide the money in the room, I am afraid of losing it.
FACT
ENTRA
Thanks for the trust. But this is one of the points I am thinking Salma. If you would open a bank account, you would be able to have your personal savings there, without needing to hide that jar from everyone.
Yes, you are right. You know what ? Let's speak with the trade union representativeand get informed of all the advantages and disadvantages of opening the bank account. I am particularly interested in the costs involved.
This is the money I save for myself and no one except you knows.

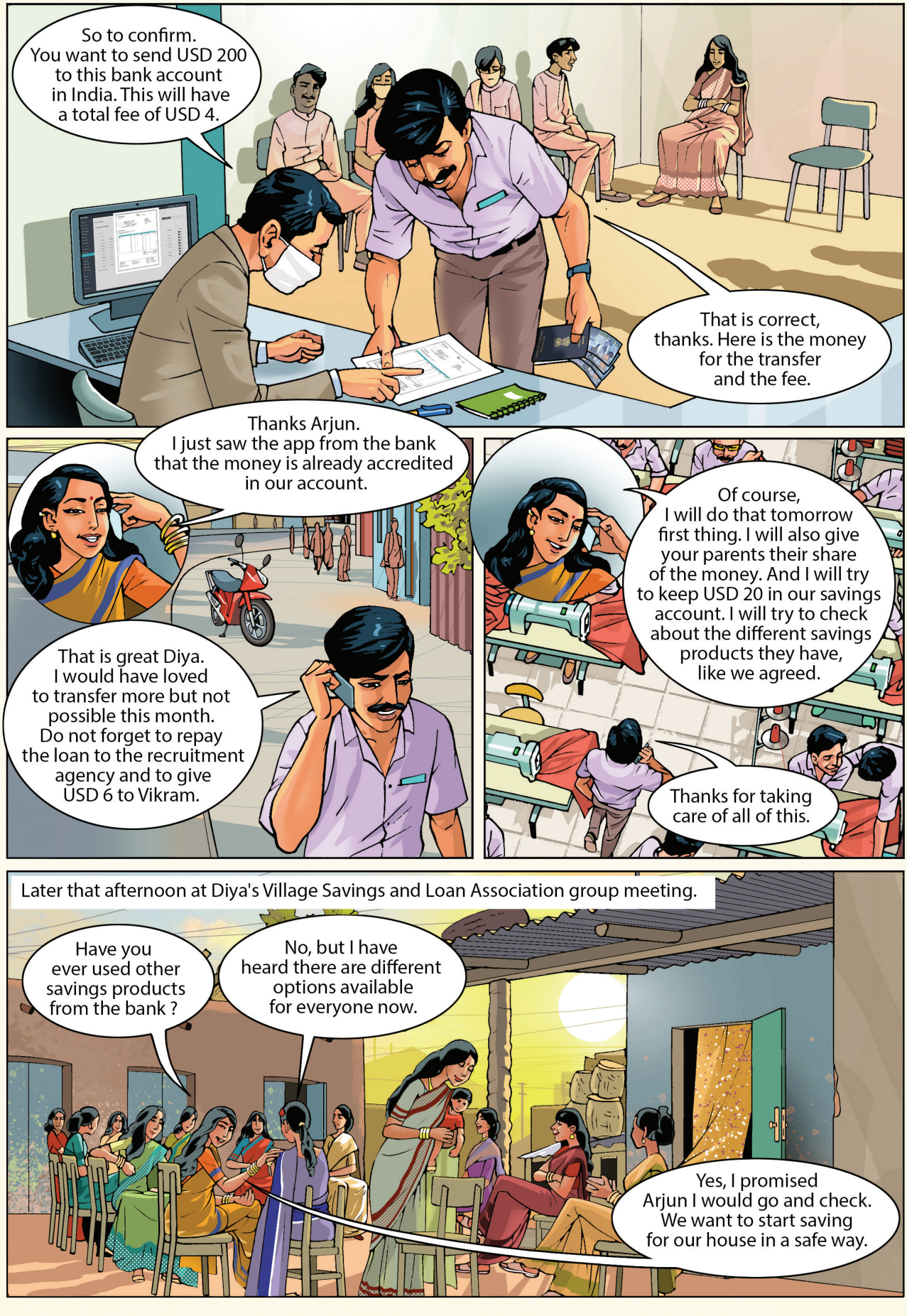

In Bangladesh.
Mohammed, when you go into the city could you please buy 2 new light bulbs. They are cheaper there.
Sure. I will be there later this week and will get them.
Two days later.
PAY HERE WITH QR CODE
Will you pay in cash or with QR code using digital wallet ? We offer 5% discount if you pay with QR code.
Ok, that is great. I never used it but I have a digital wallet. Let's try it.
Please scan this QR code and the money will be automatically deducted from your wallet.
Ok, just like this?
Yes, exactly.
That's it sir. I received your money. That was easy. It is a great way of paying.
Wow! This is fantastic. I already have here a receipt I can download with the transaction details. I will use it more often. So simple
Salma I used a digital wallet for the first time today, and I paid using a QR code. It's fascinating. So simple, so good...
That is great Mohammed. I am looking forward to being back and that you teach me how to use it.

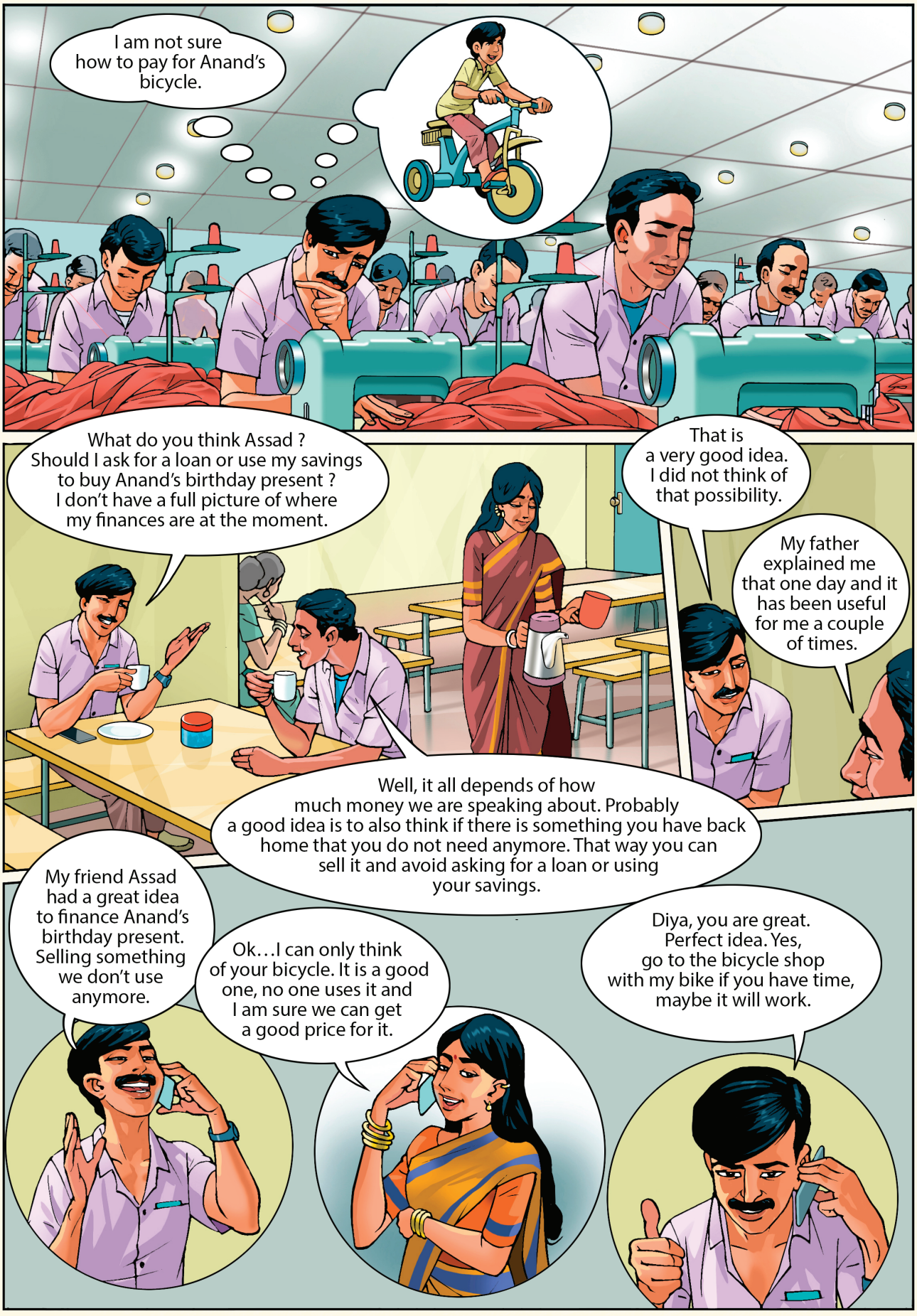

The following day at the factory.
The workers give the money they transfer to their families to the line manager.
Here is the money for transferring USD 250 for my family. And the money for the fee of the money transfer operator.
Thanks. I will bring your receipt at the end of the day as usual.
I always send the same amount, every month. Sometimes they ask me for more, but I do not want to. So I always stick to that amount.
Mother, I have given the money to send you. You should receive it in some hours. The usual amount.
I use a different system. I accumulate money here and I only send every 3 months. With that I can save a bit of the fees.
That is a good idea, but it would not work for me. It is easier for us to do it on a monthly basis.
Some hours later.
Thanks Salma. The money has been received. Talk soon
I like this system. We do not need to go somewhere, and it always works.
Yes, me too. It is very safe. In any case I would like to talk about this with the trade union in our next meeting. I heard that soon we might be able to use digital wallets to transfer money to our countries.

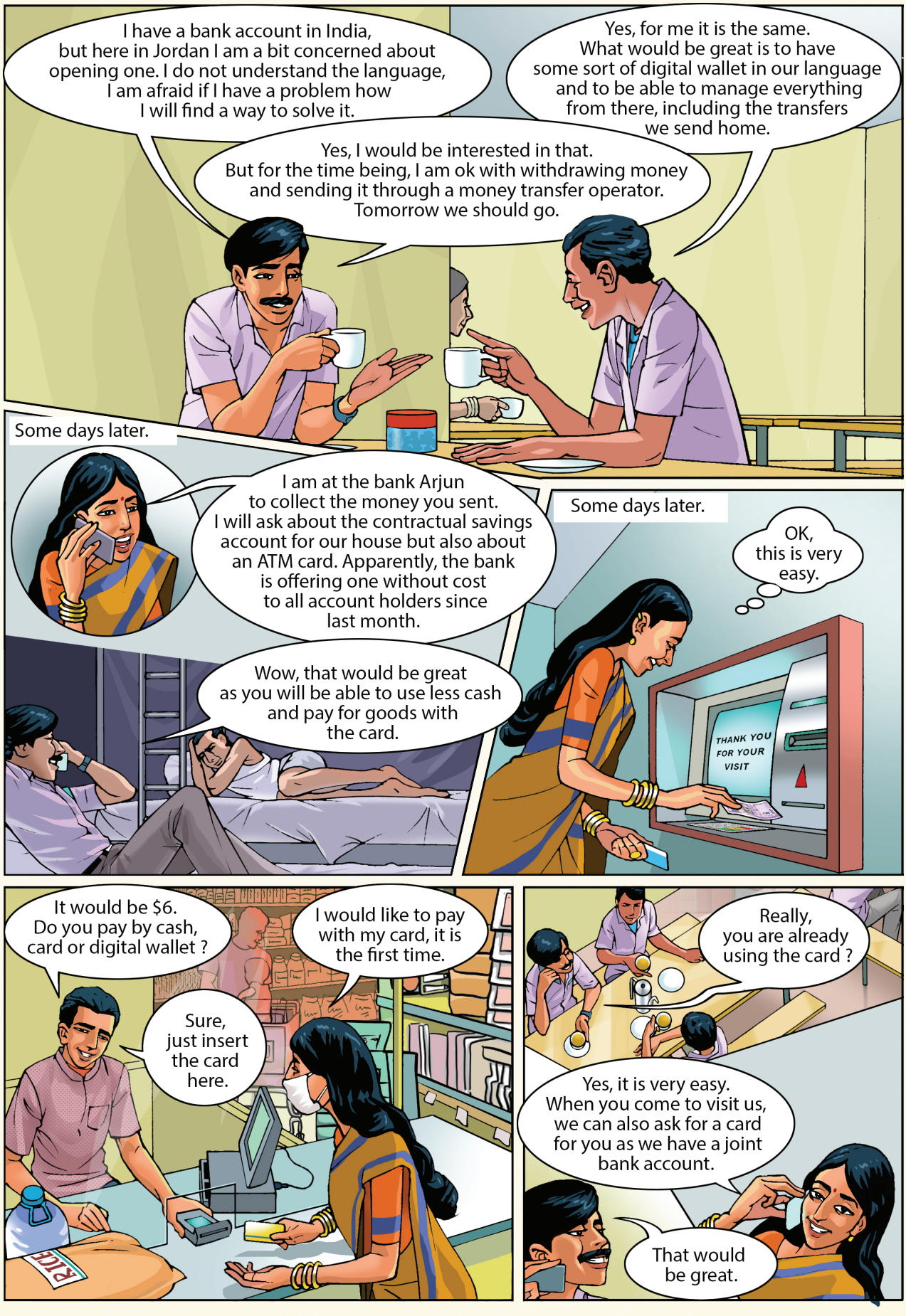
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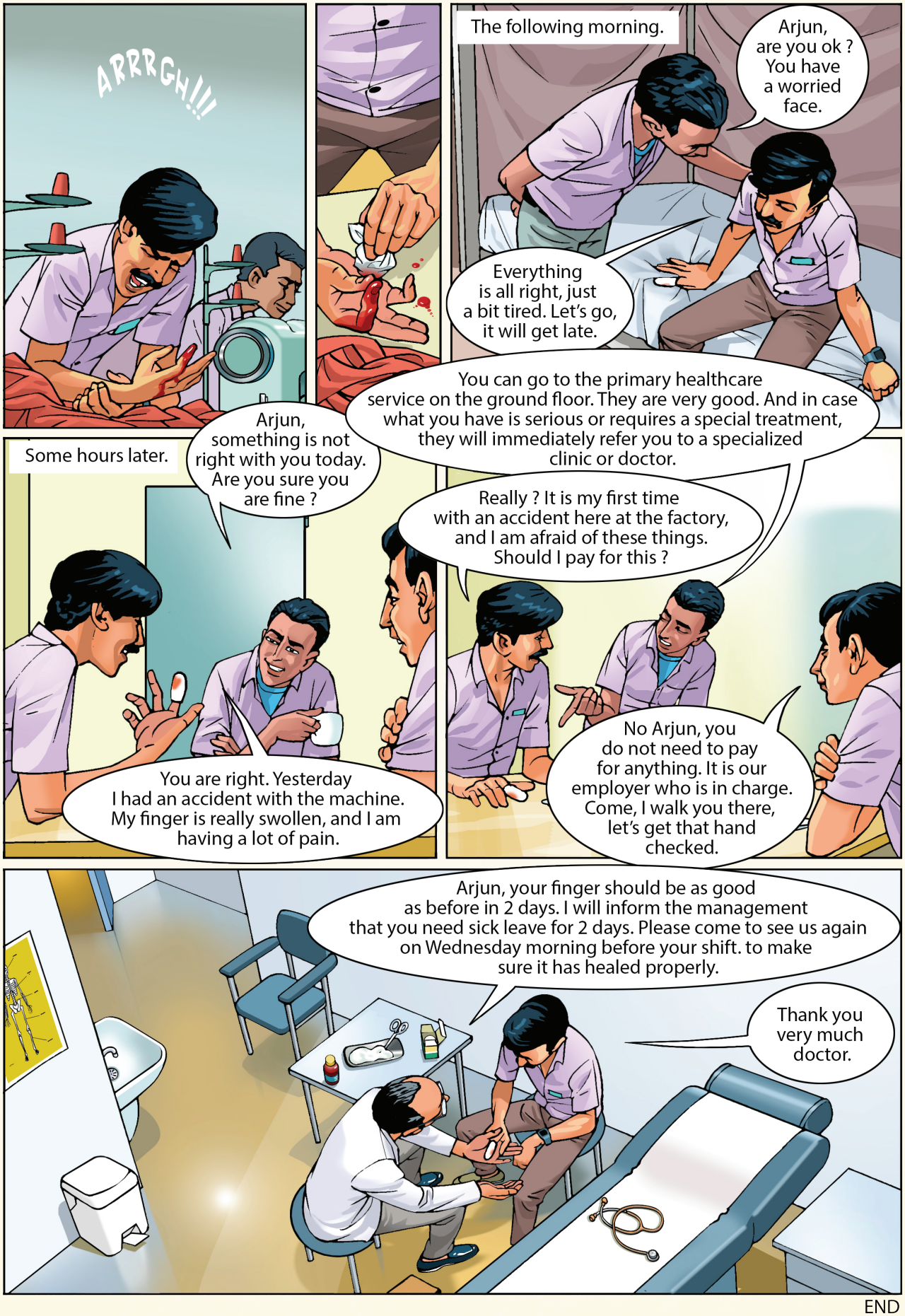
Arjun


OH WOW ! 2 missed calls from my wife Diya?
Diya, what happened ? I was doing some extra time today and I just got back to my room.
Sorry Arjun to disturb you. But I am still feeling bad and now the children seem also a bit sick.
I am so sorry Diya. I am now sure you will need the antibiotics, like the doctor said. Let's do one thing so you don't need to wait long at the hospital. Let's just buy them at the pharmacy nearby.
But in the local hospital they will be for free and we don't' have much money left until you send us again some cash next week.
Yes, I know lately our finances are very tight. But let's do it like last time. I will phone Vikram right away to ask him if he could lend us USD 5 and next week when you receive my money you give him USD 6 back. I want to do whatever we can so you feel better as soon as possible.
Some hours later.
Now I am finally relieved. Diya got her medicines from the pharmacy using money lent by a friend. They are already feeling better.
And does this friend always lend money to you?
We are always there for each other. Even with the few extra hours we are getting here, things are a bit tight for us at home. We still need to pay 4 more months of the loan repayment to the recruitment agency but we are somehow managing.


So to confirm. You want to send USD 200 to this bank account in India. This will have a total fee of USD 4.
That is correct, thanks. Here is the money for the transfer and the fee.
Thanks Arjun. I just saw the app from the bank that the money is already accredited in our account.
That is great Diya. I would have loved to transfer more but not possible this month. Do not forget to repay the loan to the recruitment agency and to give USD 6 to Vikram.
Of course, I will do that tomorrow first thing. I will also give your parents their share of the money. And I will try to keep USD 20 in our savings account. I will try to check about the different savings products they have, like we agreed.
Thanks for taking care of all of this.
Later that afternoon at Diya's Village Savings and Loan Association group meeting.
Have you ever used other savings products from the bank ?
No, but I have heard there are different options available for everyone now.
Yes, I promised Arjun I would go and check. We want to start saving for our house in a safe way.

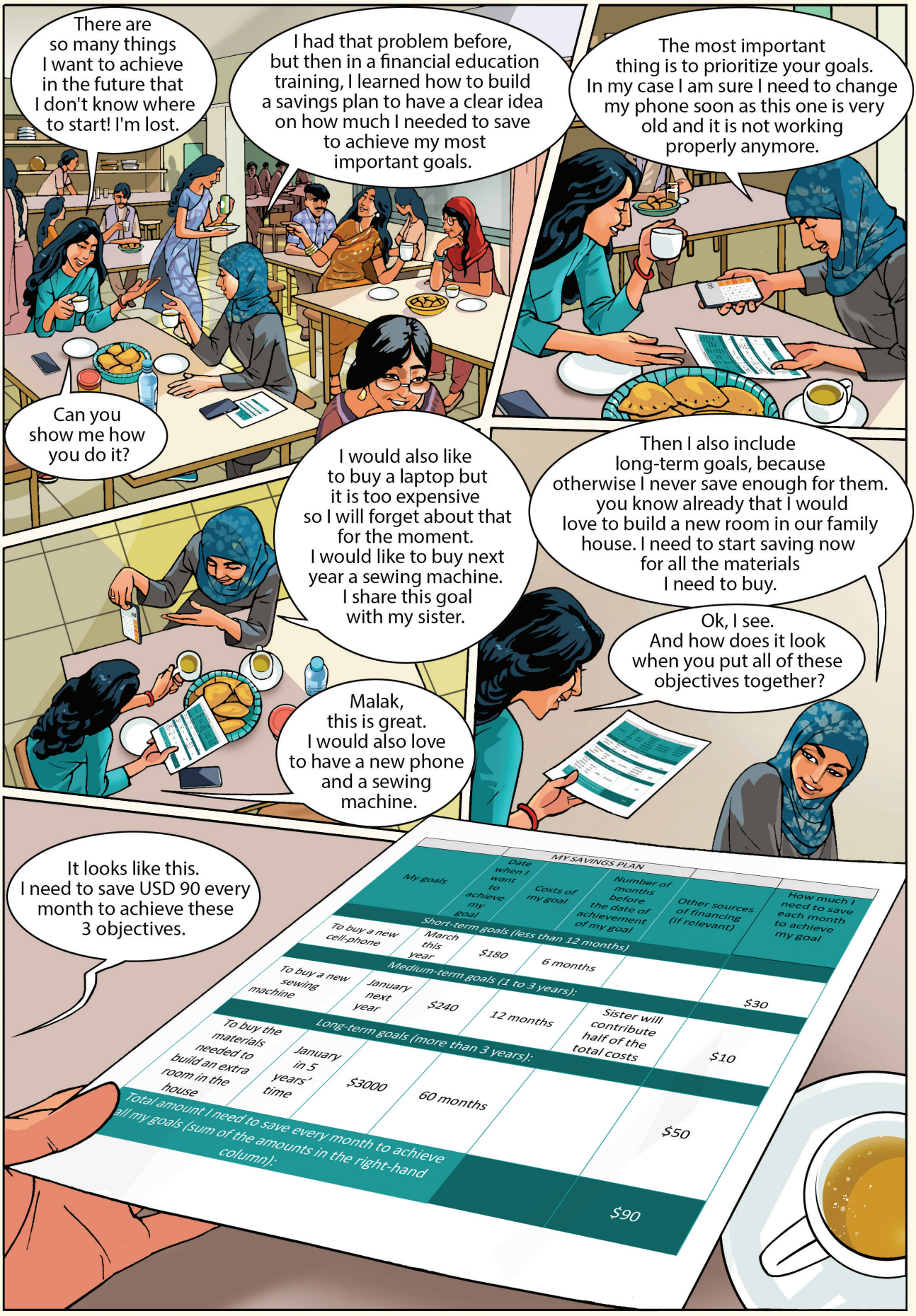

I am not sure how to pay for Anand's bicycle.
What do you think Assad ? Should I ask for a loan or use my savings to buy Anand's birthday present ? I don't have a full picture of where my finances are at the moment.
That is a very good idea. I did not think of that possibility.
My father explained me that one day and it has been useful for me a couple of times.
Well, it all depends of how much money we are speaking about. Probably a good idea is to also think if there is something you have back home that you do not need anymore. That way you can sell it and avoid asking for a loan or using your savings.
My friend Assad had a great idea to finance Anand's birthday present. Selling something we don't use anymore.
Ok…I can only think of your bicycle. It is a good one, no one uses it and I am sure we can get a good price for it.
Diya, you are great. Perfect idea. Yes, go to the bicycle shop with my bike if you have time, maybe it will work.


I have a bank account in India, but here in Jordan I am a bit concerned about opening one. I do not understand the language, I am afraid if I have a problem how I will find a way to solve it.
Yes, for me it is the same. What would be great is to have some sort of digital wallet in our language and to be able to manage everything from there, including the transfers we send home.
Yes, I would be interested in that. But for the time being, I am ok with withdrawing money and sending it through a money transfer operator. Tomorrow we should go.
Some days later.
I am at the bank Arjun to collect the money you sent. I will ask about the contractual savings account for our house but also about an ATM card. Apparently, the bank is offering one without cost to all account holders since last month.
Wow, that would be great as you will be able to use less cash and pay for goods with the card.
Some days later.
OK, this is very easy.
THANK YOU FOR YOUR VISIT
It would be $6. Do you pay by cash, card or digital wallet ?
I would like to pay with my card, it is the first time.
Sure, just insert the card here.
RICE
Really, you are already using the card ?
Yes, it is very easy. When you come to visit us, we can also ask for a card for you as we have a joint bank account.
That would be great.


ARRRGH!!!
The following morning.
Arjun, are you ok ? You have a worried face.
Everything is all right, just a bit tired. Let's go, it will get late.
You can go to the primary healthcare service on the ground floor. They are very good. And in case what you have is serious or requires a special treatment, they will immediately refer you to a specialized clinic or doctor.
Really ? It is my first time with an accident here at the factory, and I am afraid of these things. Should I pay for this ?
No Arjun, you do not need to pay for anything. It is our employer who is in charge. Come, I walk you there, let's get that hand checked.
Some hours later.
Arjun, something is not right with you today. Are you sure you are fine ?
You are right. Yesterday I had an accident with the machine. My finger is really swollen, and I am having a lot of pain.
Arjun, your finger should be as good as before in 2 days. I will inform the management that you need sick leave for 2 days. Please come to see us again on Wednesday morning before your shift. to make sure it has healed properly.
Thank you very much doctor.

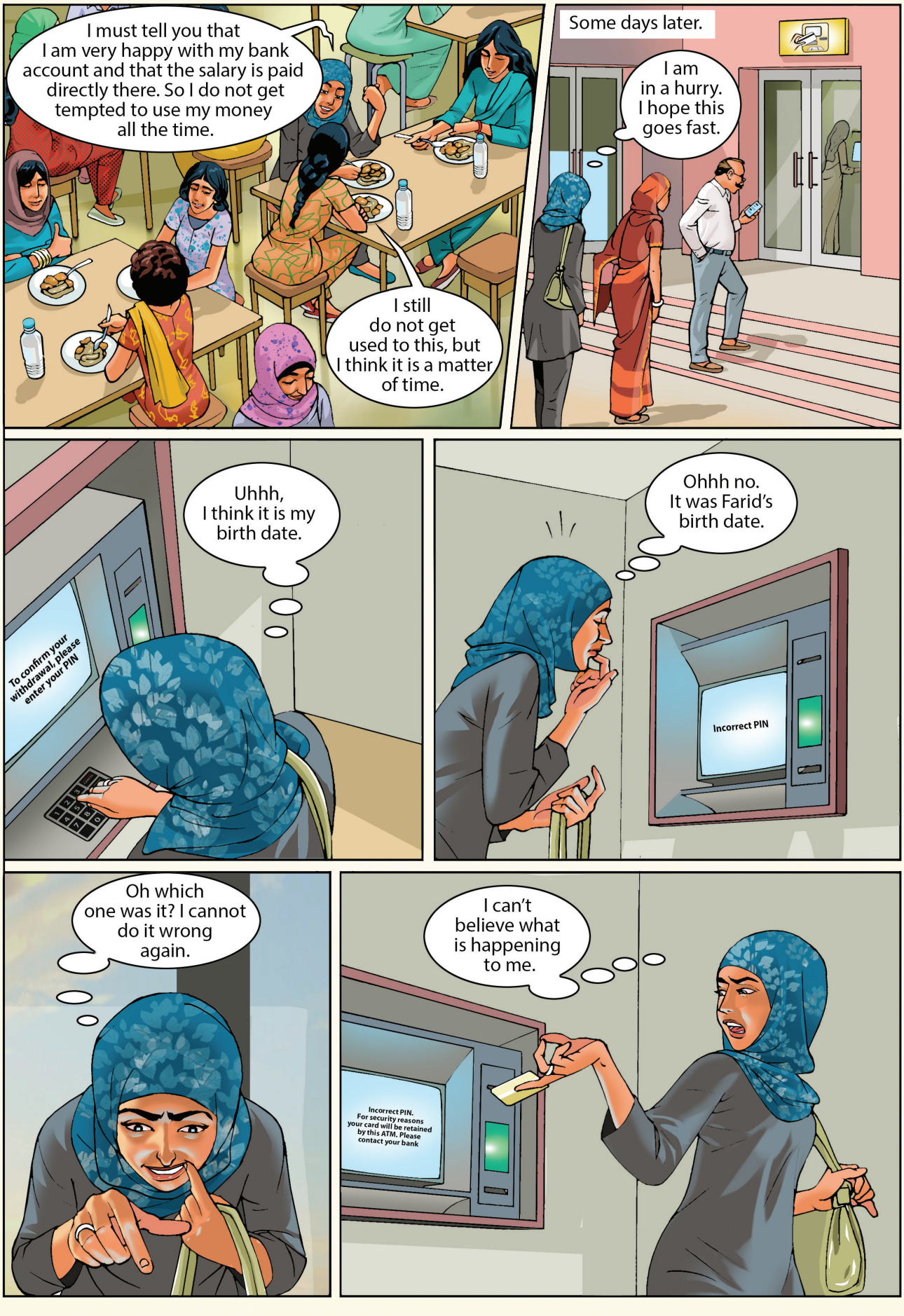
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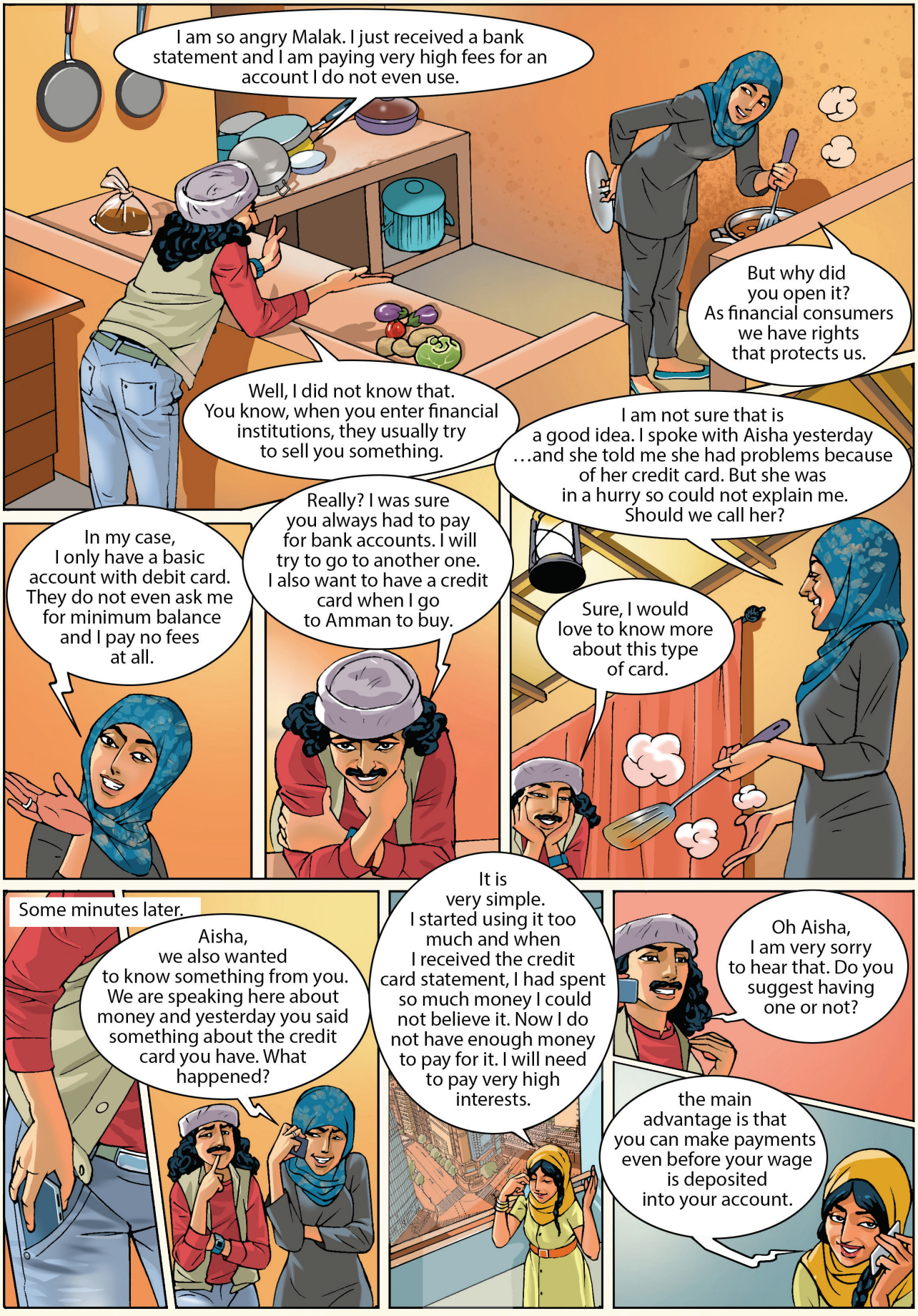
Malak


There are so many things I want to achieve in the future that I don't know where to start! I'm lost.
I had that problem before, but then in a financial education training, I learned how to build a savings plan to have a clear idea on how much I needed to save to achieve my most important goals.
The most important thing is to prioritize your goals. In my case I am sure I need to change my phone soon as this one is very old and it is not working properly anymore.
Can you show me how you do it?
I would also like to buy a laptop but it is too expensive so I will forget about that for the moment. I would like to buy next year a sewing machine. I share this goal with my sister.
Then I also include long-term goals, because otherwise I never save enough for them. you know already that I would love to build a new room in our family house. I need to start saving now for all the materials I need to buy.
Malak, this is great. I would also love to have a new phone and a sewing machine.
Ok, I see. And how does it look when you put all of these objectives together?
It looks like this. I need to save USD 90 every month to achieve these 3 objectives.
MY SAVINGS PLAN
My goals
Date when I want to achieve my goal
Costs of my goal
Number of months before the date of achievement of my goal
Other sources of financing (if relevant)
How much I need to save each month to achieve my goal
Short-term goals (less than 12 months):
To buy a new cell-phone
March this year
$180
6 months
$30
Medium-term goals (1 to 3 years):
To buy a new sewing machine
January next year
$240
12 months
Sister will contribute half of the total costs
$10
Long-term goals (more than 3 years):
To buy the materials needed to build an extra room in the house
January in 5 years' time
$3000
60 months
$50
Total amount I need to save every month to achieve all my goals (sum of the amounts in the right-hand column):
$90


So, is Aisha your friend from Amman coming today finally?
Yes, and she sounded very stressed. I hope all is fine and that our food and company help her to feel better.
Some minutes later.
The business in Amman is running good. It was difficult at the beginning but now it is pretty successful and I make profits.
Then, what is going on my friend? You look very worried.
Yes, I am so unhappy. I have worked very hard for making my beauty salon grow and last week I arrive home. And what do I see? Jabdel's new car?
A new car? How did he buy a new car?
That is exactly why I am furious. He used my own money. He said it was a good opportunity and used all the money I have been giving him to put in our bank account. You know how I am with banks, I don't like going there. That is why I always trusted him.
Oh no. You should immediately go to the bank and check the status of your account.
It gets even worse Malak. I did that yesterday. And the bank account is only under his name. So I could not even withdraw whatever is left there.
That is unacceptable. I can tell Farid to speak with him, they are good friends. Maybe he can convince him to sell the car and give you the money back.
I would appreciate that a lot.
And if you want, we can go together to the bank one day and try to open an account for you.


Later.
Long time cousin. How are you?
I am struggling. The little one is sick, and I need to buy very expensive medicine. Could you lend me USD 30.
Oh, I am sorry to hear. Let me get home and I call you back, I am not even sure I have the money. This month my finances are so tight.
I am so tight with money. I could lend her a bit of the money I have left for this month. She was there for me so many times.
Haya, I will transfer you the money. But I need you to repay me as soon as possible, things are very tight for me this month.
Do not worry. As soon as I get paid my salary next week, I will transfer the money back.
I am sorry. You will need to change the screen. It will cost around USD 50.
some days later.
Ufff so much. I can't believe this happens to my new phone now. Wait, I need to call someone to get the money.
Haya, darling. I need my money back. I need to repair the screen of my phone.
Uh, I am afraid I do not have the money yet. They did not pay me yet. I need a bit more of time.
Oh, this is really bad for me. I will check if Farid or a neighbour can give me some money.


I must tell you that I am very happy with my bank account and that the salary is paid directly there. So I do not get tempted to use my money all the time.
I still do not get used to this, but I think it is a matter of time.
Some days later.
I am in a hurry. I hope this goes fast.
Uhhh, I think it is my birth date.
To confirm your withdrawal, please enter your PIN
Ohhh no. It was Farid's birth date.
Incorrect PIN
Oh which one was it? I cannot do it wrong again.
I can't believe what is happening to me.
Incorrect PIN. For security reasons your card will be retained by this ATM. Please contact your bank


I am so angry Malak. I just received a bank statement and I am paying very high fees for an account I do not even use.
But why did you open it? As financial consumers we have rights that protects us.
Well, I did not know that. You know, when you enter financial institutions, they usually try to sell you something.
I am not sure that is a good idea. I spoke with Aisha yesterday …and she told me she had problems because of her credit card. But she was in a hurry so could not explain me. Should we call her?
In my case, I only have a basic account with debit card. They do not even ask me for minimum balance and I pay no fees at all.
Really? I was sure you always had to pay for bank accounts. I will try to go to another one. I also want to have a credit card when I go to Amman to buy.
Sure, I would love to know more about this type of card.
Some minutes later.
Aisha, we also wanted to know something from you. We are speaking here about money and yesterday you said something about the credit card you have. What happened?
It is very simple. I started using it too much and when I received the credit card statement, I had spent so much money I could not believe it. Now I do not have enough money to pay for it. I will need to pay very high interests.
Oh Aisha, I am very sorry to hear that. Do you suggest having one or not?
the main advantage is that you can make payments even before your wage is deposited into your account.

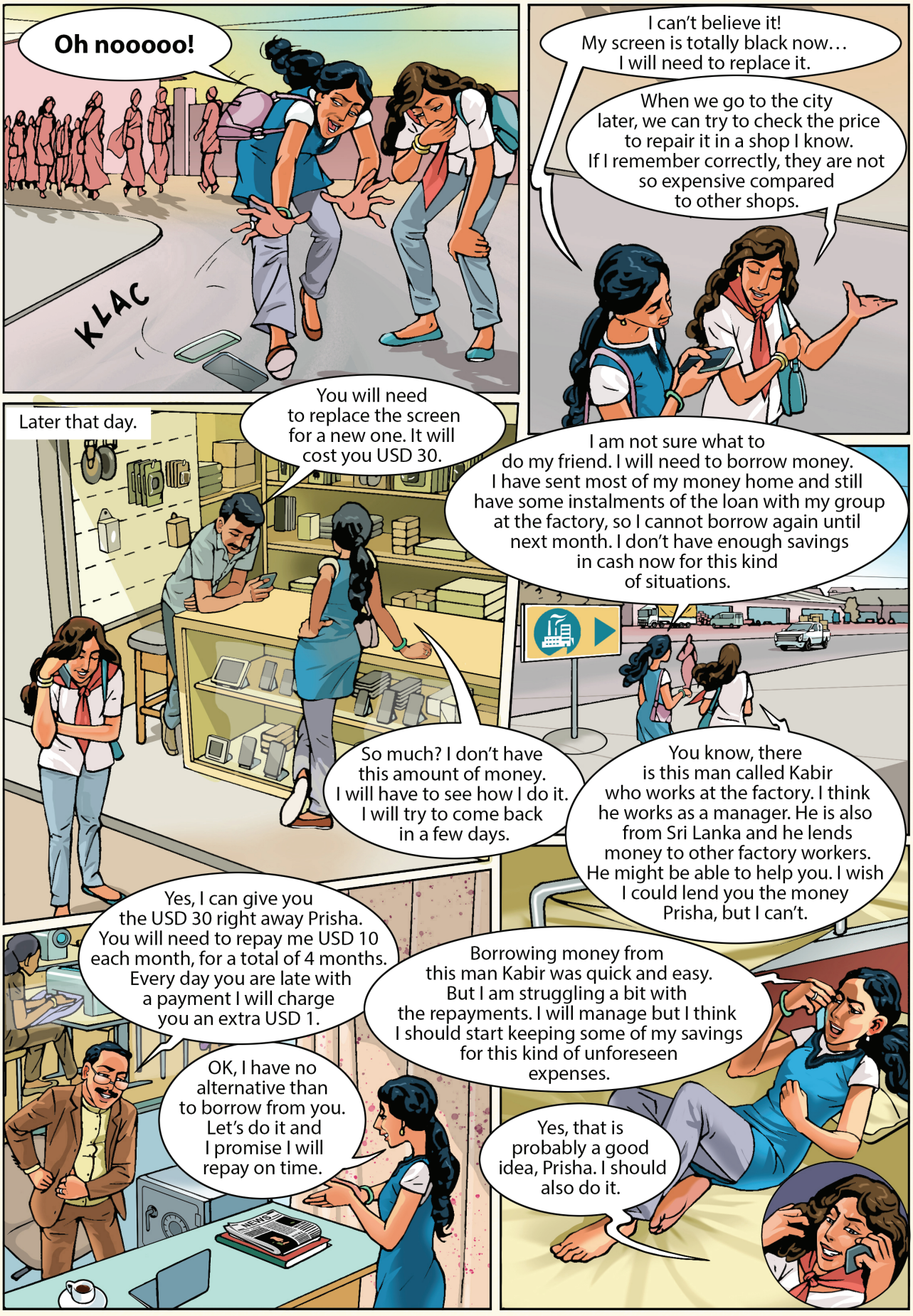

The doctor told me to take a day off and to come back on Monday to check my back. I am under a lot of pain lately.
This happened to me before. It is important to have a good rest to recover. The doctor at the factory is very good.
Yes, it is so good to have this service at the factory.
Later that day.
You are also injured Farid? Malak has a strong back pain today.
I was very distracted, and a big tool fell on my feet. I think my toe is broken.
So now, what will happen? Did you speak with your supervisor? Did you get checked there?
Not really. We do not have any medical service there. I did not speak with my supervisor, he usually gets angry if we ask for time-off.
But that looks very swollen Farid. Do you have an insurance policy.
To be honest, I do not know. I don't think so, because when things like this happen we still go to work.
You cannot go to work like this. Let's go to the hospital and get you checked.
But this might be too expensive sister. Probably they will need to do x-ray and we will need to buy medicines.
We cannot ignore our health. I can pay for this and you can give me the money back when you can.
Once you are healthy again, you should talk with your employer, and tell him that you need to have a health insurance to protect you against these situations.

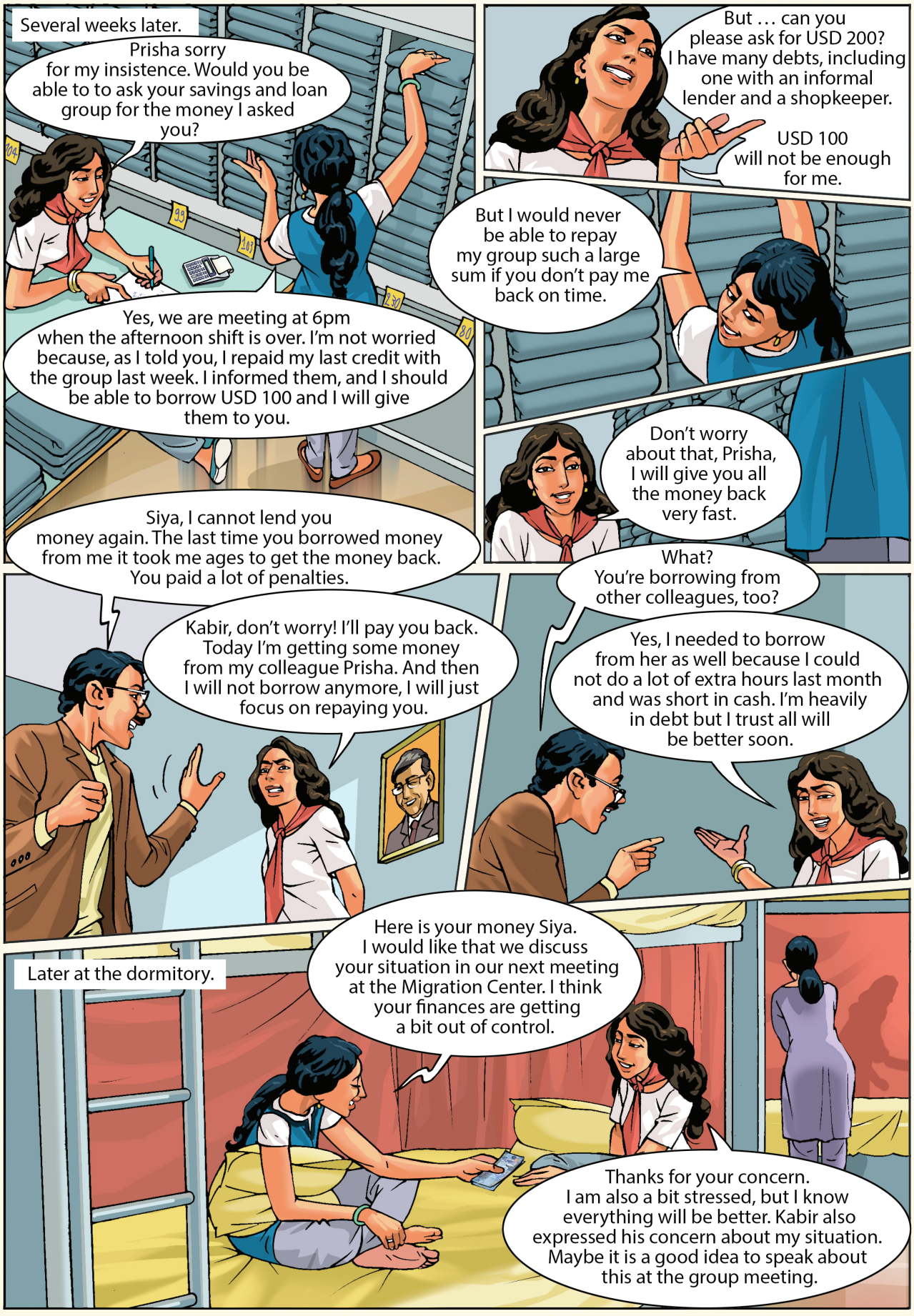
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Prisha


Omar, can you please add the total of this purchase to my account with you? I'll pay you next week as soon as I receive my wage.
Sure, Prisha. Here is your receipt, that includes your total balance until now. Have a good start of the week.
Later at the factory dormitory.
I should tell Omar I don't need these receipts.
I've all my expenses detailed in my diary.
I also never keep any receipt.
Prisha, you know I keep perfect track of my numbers and I also always give you the receipts indicating how much you owe me.
I never keep your receipts, but I write down every purchase I make here in my diary. I am sure I only need to pay you USD 16.
Some days later.
So the total would be USD 24.
24??? But in my diary, I see that I only owe you USD 24! Check again Omar, I am sure there is a mistake.
I am sorry Prisha, it is USD 24 and there is no discussion. In the last receipt I gave you this is clearly stated, look at my copy here.
?!
I can't believe I have not kept this receipt. I will always keep them from now on.


Meeting at the Migration Center.
The way you can receive your wage is changing very fast. Most probably, as of next month, in many factories you will be able to decide whether you want to get paid in cash, on a digital wallet or on a bank account. We encourage you to choose to receive your wage on a bank account or a digital wallet so that your money will be safe.
ANY QUESTIONS ?
Yes, I would be interested in these new options. However, before making a decision I would need to know the costs of using these services and if it would be available in our language.
Thanks for your very important questions. In our next meeting we will invite representatives from the institutions offering these services so they can explain everything in detail. You will be able to ask them all your questions.
Some hours later.
I am not so sure about the digital wallets. But I think the bank account is a good idea. Not having the cash with me might help me control my expenses.
I think if the digital wallet allows us to transfer money directly to our countries, it is also a great solution because we use our phones so much. And I am sure the Migration Center could help us understand how to use it.
Yes, everyone at home has already a bank account. So I believe that if all the information is provided in our language this would be a good tool for us. Also it seems it would be a great way to transfer money back home.
You are right. Let's wait and see if it finally becomes available.


Oh nooooo!
KLAC
I can't believe it! My screen is totally black now… I will need to replace it.
When we go to the city later, we can try to check the price to repair it in a shop I know. If I remember correctly, they are not so expensive compared to other shops.
Later that day.
You will need to replace the screen for a new one. It will cost you USD 30.
I am not sure what to do my friend. I will need to borrow money. I have sent most of my money home and still have some instalments of the loan with my group at the factory, so I cannot borrow again until next month. I don't have enough savings in cash now for this kind of situations.
So much? I don't have this amount of money. I will have to see how I do it. I will try to come back in a few days.
You know, there is this man called Kabir who works at the factory. I think he works as a manager. He is also from Sri Lanka and he lends money to other factory workers. He might be able to help you. I wish I could lend you the money Prisha, but I can't.
Yes, I can give you the USD 30 right away Prisha. You will need to repay me USD 10 each month, for a total of 4 months. Every day you are late with a payment I will charge you an extra USD 1.
Borrowing money from this man Kabir was quick and easy. But I am struggling a bit with the repayments. I will manage but I think I should start keeping some of my savings for this kind of unforeseen expenses.
OK, I have no alternative than to borrow from you. Let's do it and I promise I will repay on time.
Yes, that is probably a good idea, Prisha. I should also do it.
NEWS


Several weeks later.
Prisha sorry for my insistence. Would you be able to to ask your savings and loan group for the money I asked you?
Yes, we are meeting at 6pm when the afternoon shift is over. I'm not worried because, as I told you, I repaid my last credit with the group last week. I informed them, and I should be able to borrow USD 100 and I will give them to you.
But … can you please ask for USD 200? I have many debts, including one with an informal lender and a shopkeeper.
USD 100 will not be enough for me.
But I would never be able to repay my group such a large sum if you don't pay me back on time.
Don't worry about that, Prisha, I will give you all the money back very fast.
Siya, I cannot lend you money again. The last time you borrowed money from me it took me ages to get the money back. You paid a lot of penalties.
Kabir, don't worry! I'll pay you back. Today I'm getting some money from my colleague Prisha. And then I will not borrow anymore, I will just focus on repaying you.
What? You're borrowing from other colleagues, too?
Yes, I needed to borrow from her as well because I could not do a lot of extra hours last month and was short in cash. I'm heavily in debt but I trust all will be better soon.
Later at the dormitory.
Here is your money Siya. I would like that we discuss your situation in our next meeting at the Migration Center. I think your finances are getting a bit out of control.
Thanks for your concern. I am also a bit stressed, but I know everything will be better. Kabir also expressed his concern about my situation. Maybe it is a good idea to speak about this at the group meeting.


At the migration center.
That was very interesting. I will definitely inform the management that I want to receive my next salary into my bank account. I hope it is easy to use.
I will also open the bank account as it is for free. But I will definitely try the digital wallet option. It would be so great to transfer money to my family just using my phone.
Some weeks later.
As your manager, you have my word that tomorrow all of you who have decided to receive your salary on a bank account or a digital wallet will get your money. Please come to see me if you don't receive it or if you have problems checking your balance.
The following day.
Yes, I received my wage payment on my digital wallet. It was super easy to check the balance.
Me too, I just had to open the application that shows me the balance of my bank account. My full salary is deposited there.


Some days later.
I am so happy this is in our language. This seems very easy, like when I used it back home.
That was easy, right?
Yes, it was so straight forward and I only withdrew what I need for the next few days. Then I will check on the application on my phone if the withdrawal is already reflected in my account balance.
I have to send my mother USD 220.
Available balance after this transaction : $80
Ok, it seems I just transferred the money to my mother's bank account with no problem. I will check with her tomorrow whether it worked or not.
Did you check your bank balance? You should have received the money as my digital wallet said the transfer was done successfully.
Yes indeed the money is here. I got a notification this morning. Thanks a lot!
I am happy it worked.

END

DEFINITIONS

GENERAL

GOAL

- A goal is something you want to do in the future.

FORMAL/INFORMAL

- In general, something that is formal respects the forms, meaning that it fits into a framework, a structure, or a law. It is also something that is legitimate and recognized by an authority.
- Unlikely, something that is informal will not be subject to strict and official rules or framework. For example, the informal sector gathers businesses that are not registered and do not pay taxes.

BUDGET

- A budget is a tool to decide, to plan and to use your money to achieve your goals.

EMPLOYMENT CONTRACT

- A (legal) agreement between employer and worker that specifies the duties and responsibilities and benefits for both parties.
- A contract should include a description of duties, responsibilities and rights. It specifies employment and working conditions, such as pay, hours of work, etc.
- A contract is an agreement between two parties that both parties sign of their own free will. An employment contract should preferably be in written form, in a language understandable to both parties, signed by both parties and a copy given to each party.

FINANCIAL INSTITUTION

- A financial institution is a public or private service that deals with financial operations such as savings, credit and payments.

SAVINGS AND CREDIT COOPERATIVE

- A Savings and Credit Cooperative is a democratic, unique member driven, self-help cooperative that strive to meet the financial needs of its members. It is owned, governed and managed by its members.

SAVINGS ACCOUNTS

A REGULAR SAVINGS ACCOUNT

- A regular or passbook savings account (also known as demand deposit account) in a financial institution allows the account holder to make deposits or withdrawals at any time. The amount and timing are not set in advance. The savings are remunerated according to an interest rate (usually annual). This savings account usually cannot be used to make direct payments.

CONTRACTUAL SAVINGS ACCOUNT

- A contractual savings account in a financial institution allows the account holder to link his/her deposits with the achievement of specific goals. The account holder deposits a set amount on a regular basis for a specified period of time. After the maturity date the client can withdraw the entire amount plus interest (interest rate is set in advance). Early withdrawal is either prohibited or penalized.

TIME DEPOSIT ACCOUNT

- A time deposit account in a financial institution allows the account holder to deposit a lump sum, which he/she promises not to touch for a specific period of time. The client can choose from a range of possible terms. Since this type of account presents constraints (duration and amount blocked) for the client, it usually pays the highest interest of any savings product.

CREDIT

INTEREST RATE
- The amount of money that the borrower pays to the lender, in addition to the loan amount, for use of the money of the lender.

PRINCIPAL
- The original amount of the loan, without interest.

LOAN TERM
- The period of time that the borrower has to use the loan money and repay it.

COLLATERAL
- An item of value that the borrower will have to give to the lender in case the borrower is unable to repay the loan (could be land, vehicle, savings, etc.).

GRACE PERIOD
- Period after receiving a loan and before the first payment is due.

RETHINK
- Cancellation of the credit contract. In some countries the loan agreement is not legally binding until several days or weeks after signing. During this period no payment can be made from the lender to the borrower. It ensures an efficient protection against impulse buying.

EARLY REPAYMENT
- The borrower is always free to repay all or part of his/her debt before the expiration of the loan agreement, and that without incurring penalties.

GUARANTOR
- A person who will repay your loan in case you cannot pay; this person may be required to co-sign your loan agreement with the lender.

OVER-INDEBTEDNESS
- The inability for a person to cope with his or her personal debts.

PAYMENT METHODS

CASH CARD
- A cash card is given to you by your bank and allows you to get cash from your account using a special machine called an Automated Teller Machine (ATM) or cash dispenser. In addition to withdrawing cash from your account, you can use an ATM to find out your account balance, transfer money from one account to another, and make deposits into your account. Some ATMs also sell postage stamps or airtime credits or allow you to pay some invoices (electricity...). Each bank has its own network of ATMs but often you can use your bank card to withdraw from any ATM whether the ATM belongs to your bank or not. However, your bank may charge you a fee each time you use an ATM that is part of another bank's network.

DEBIT CARD
- A debit card is another way to make banking transactions electronically. In addition to using it to withdraw money from ATMs, you can use a debit card to pay for goods you purchase in many stores. You must have the money in your account at the time of purchase. The amount of your purchase is deducted immediately from your account. You will regularly receive a regular statement from the bank, showing the total amount deducted from your account and your remaining balance.

CREDIT CARD

- In general, a credit card allows you to carry out the same transactions as cash and debit cards. The major difference is that it also enables you to access instant credit. In other words, if you do not have money in your account, you can still make the purchase by taking out a loan from the institution that sold you the credit card (financial institutions but also supermarkets, department stores, others).
- Depending on the features of your credit card contract, the amount of your purchase will be deducted from your account (in one or more instalments, at an interest rate that is often much higher that standard credit products). You will receive a regular statement from the institution that issued the credit card, showing the total amount to be repaid, the amount already paid off and the interest rate.

MONEY TRANSFERS

INFORMAL MONEY TRANSFER SERVICE PROVIDERS

- These organizations are not regulated or supervised by the government. This type of provider includes retail shops, friends and couriers.

FORMAL MONEY TRANSFER SERVICE PROVIDERS

- These organizations are regulated or supervised by the government. This type of provider includes money transfer operators (MTOs), banks, microfinance institutions, savings and credit cooperatives, and mobile phone providers.

RISK AND INSURANCE

RISK

- A risk is the possibility of a loss or injury.

INSURANCE

- Insurance is a form of protection, for anyone who has subscribed to an insurance contract, in the form of monetary compensation as a result of accidents or any event covered by the insurance.

INSURANCE COMPANY

- An insurance company is a business (profit oriented) that provides insurance services.

MUTUAL BENEFIT ASSOCIATION (COOPERATIVE)

- A mutual benefit association (cooperative) is a non-for-profit mutual organization, which provides insurance to its members.

POLICY

- Document given to the policyholder by the insurance company that states the terms and conditions of the insurance contract.

PREMIUM

- The money a policyholder pays to the insurance company to activate the insurance policy and keep it valid.

BENEFITS

- The money that the insurance company pays to either the person who submits the claim or to his or her beneficiary.

BENEFICIARY

- The person who receives the insurance money when an insured event occurs.

CLAIM

- A request for payment for a loss that is covered by the policy.

INSURANCE CARD

- Card issued by the insurance provider as proof that the policyholder has paid a premium.

EXCLUSION

- Specific condition, circumstance, or situation usually listed in a contract as being not covered.

ANNEX ON MENTAL HEALTH AND MONEY MANAGEMENT

1. WHAT IS MENTAL HEALTH?

According to the World Health Organization, mental health is a state of well-being in which every individual realizes his or her own potential, can cope with the normal stresses of life, can work productively and fruitfully, and is able to make a contribution to her or his community.[1]

Multiple social, psychological, and biological factors determine the level of mental health of a person. This is why poor mental health is associated with stressful work conditions, gender discrimination, social exclusion, human rights violations, and even genetic factors. In this sense, persistent socio-economic or financial pressures are recognized risks to mental health as well.

Sometimes, when we experience symptoms of poor mental health, we feel:

ANXIETY: is what we feel when we are worried, tense or afraid permanently and persistently – particularly about things that are about to happen, or which we think could happen in the future – and those feelings severely impact our life.

STRESS: is usually described as an overwhelming feeling of worry and exhaustion. Being under pressure is a normal part of life but, if we often become overwhelmed by stress, then these feelings could start to be a problem for us.

HYPOMANIA AND MANIA: hypomania and mania are periods of over-active and excited behavior that can have a significant impact on our day-to-day life.

Key facts

- Mental health is more than the absence of mental disorders.
- Mental health is an integral part of health; indeed, there is no health without mental health.
- Everyone has a state of mental health, and this can change across the lifespan.
- Mental health is determined by a range of socioeconomic, biological and environmental factors.

2. THE LINK BETWEEN MONEY AND MENTAL HEALTH[2]

Mental health and money problems are often intricately related. One problem can feed off the other, creating a vicious cycle of growing financial problems and worsening mental health that might be hard to escape.

Mental health can affect the way you deal with money

These are some common ways your mental health can affect the way you deal with money:

- If you're feeling low or sad, you may lack motivation to manage your finances. It might not feel worth trying.

1/ World Health Organization (2018). Mental health: strengthening our response. Retrieved from: https://www.who.int/news-room/fact-sheets/detail/mental-health-strengthening-our-response

2/ © Mind August 2021. To be revised in 2024. Retrieved from: https://www.mind.org.uk/information-support/tips-for-everyday-living/money-and-mental-health/the-link-between-money-and-mental-health/

- When you're unwell, you might spend more money than you want to, or more than you can afford.
- You might make impulsive financial decisions when you're experiencing mania or hypomania.
- If your mental health affects your ability to work or study, this might reduce your income.
- You might avoid doing things to stay on top of your money, like opening bills or checking your bank account. You might try to avoid thinking about money completely.
- Having a mental health problem might affect your insurance policies, so you can end up paying more.

Money problems can affect your mental health

These are some common ways money can affect your mental health:

- Certain situations might trigger feelings of anxiety and panic, like opening envelopes or attending a benefits assessment.
- Worrying about money can lead to sleep problems.
- You might not be able to afford the things you need to stay well. This might be housing, food, water, heating, or treatments like medication and therapy.
- Money problems can affect your social life and relationships. You might feel lonely or isolated, or like you can't afford to do the things you want to.

3. FEELINGS ASSOCIATED WITH MONEY[3]

Thinking about money can be emotional, and you might have different feelings about money. These are some common feelings you might have:

- You might feel guilty for spending money, even if you know you can afford it. Or, you might feel guilty for seeking support, even if you know you need it.
- You might be afraid of looking at your bank balance or speaking to the bank.
- You might feel ashamed for needing support. It's important to remember that everyone has the right to feel well, and the right to essentials like food and housing. Getting financial support is a good way of making sure you have the things you need.
- You might feel stressed, for example if you're under a lot of pressure to support yourself and others. Or, trying to navigate the benefits system may feel stressful.
- You might feel tired or worn down, especially if you've been struggling with money problems for a long time.
- If you've experienced financial abuse in the past, this might affect how you feel about money now.

Getting to know the feelings and emotions you have around money might help you to spot patterns in your behavior, and feel more in control.

4. MANAGE MONEY AND MENTAL HEALTH: TIPS

- Managing your money well can reduce your stress levels.
- Talking about money can trigger a lot of emotions. Try to find someone you trust to talk about this. Not talking about your emotions has a negative effect on your mental health.

3/ © Mind August 2021. Retrieved from: https://www.mind.org.uk/information-support/tips-for-everyday-living/money-and-mental-health/the-link-between-money-and-mental-health/#feelings-associated-with-money

- Making a savings plan may cause some distress, especially if you can't save as much as you want. Don't push yourself! Always remember that you can always adjust your savings plan.
- You might spend money to make yourself feel better. Some people describe this as feeling like a temporary high. But it will only do so for a short period of time. Be careful! If your budget is tight take a moment to distinguish always between needs and wants. Otherwise not having enough money later for your needs can be really stressful for you.
- If you are not doing well or you feel a bit sad at the moment, creating a budget can be an overwhelming task to do. Talk about how you feel with your loved ones or someone you trust and try to find support to start doing your budget little by little. Do not put a lot of pressure on you!

- Routines can be good for maintaining good mental health when things are not going great. Keeping track of your budget can be a good exercise to focus and check how you are doing in terms of staying within your budget.
- If you have a lot of worries you might feel that checking your bank account, digital wallet account or even reviewing your spending can be seen as an activity that will cause you more stress and discomfort. But remember: ignoring it or not thinking about money might make things worse in the future.
- Choosing a safe savings method can help you feel better. If you are constantly worried about your money's security, think which solutions you have at hand to stop this feeling.
- Entering a financial institution to ask these questions might make you afraid or anxious. Remember you can always ask a friend or a colleague to accompany you until you feel confident to go alone.
- Having a lot of financial commitments can generate stress and affect your mental health. If you feel overwhelmed do not hesitate to ask for help.
- Borrowing money considering your repayment capacity will help putting your mind at ease.
- Managing your money, especially when you use different means of payment, can be complex. It can also be a very tiring activity. Try to keep your means of payment secure for your peace of mind.
- Sometimes our stress can have an impact on our body. If money management worries you, this can result in physical health problems. Pay attention to your body's signals. Remember that there is no physical health without mental health.

5 MENTAL HEALTH PROJECT – Better Work Jordan

Better Work Jordan is a partnership between the International Labour Organization (ILO) and the International Finance Corporation (IFC). Better Work brings diverse groups together – governments, global brands, factory owners, as well as unions and workers – to improve working conditions in the garment industry and make the sector more competitive.

With the support of the US Department of Labour, Better Work Jordan (BWJ) launched a project in 2021 that aims at improving the mental health of workers in the garment sector. The project is mainly focused on women and migrant workers as they form the majority of the workforce in the sector and face many psychical and psychological stressors.

The project focuses on building the workers' resilience against mental health risks, including through help-seeking, and enhancing the access to the support at the factory level and through referral to specialized organizations.

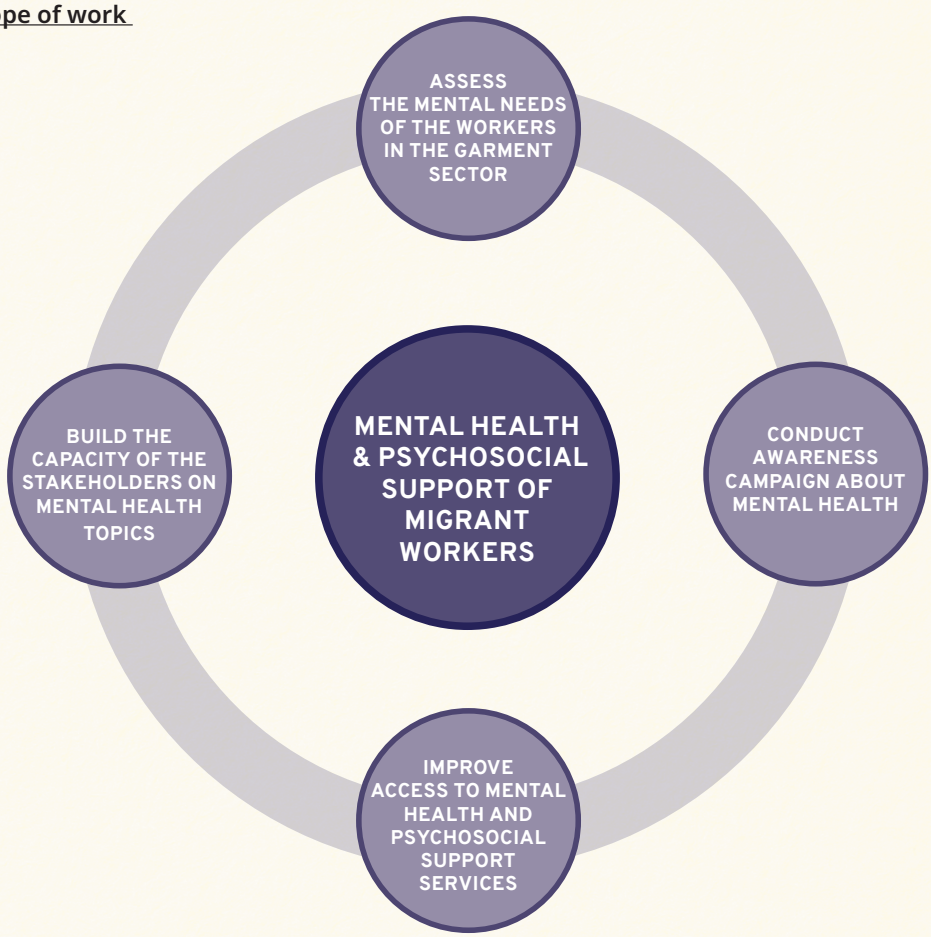
The project takes two main factors to achieve the project objective of improving workers' mental well-

being:

a) Enhance the mental health awareness at the organizational and individual levels, and

b) Develop and implement a mental health policy to enhance the capacity of the factories to have a system to identify, manage and refer mental health cases.

Diagram 1. Scope of work



TRAINEE'S BOOKLET

ILO FINANCIAL EDUCATION
JORDANIAN AND MIGRANT WORKERS

Better Work Jordan's mental health project, funded by the United States Department of Labor, has sought to strengthen workers' financial literacy to enable their improved financial decision-making process, and ultimately, to contribute to positive and responsible workplaces alongside workers' increased productivity.

This Trainee's booklet on financial education targets primarily Jordanian and migrant workers who wish to improve their money management. This booklet covers the following topics: set financial goals, communicate with confidence, understand key financial products (savings, loans, payments, digital wallets, insurance), understand and negotiate with financial institutions, transfer money and manage risks.

It provides all the information related to fictional characters, case studies, exercises and specific references to the target group. This booklet also comprises the key points of the training and the tools required for using and managing one's money wisely. It is written for the men and women participating in the training courses. It should be used as an exercise book during the course and as a reference guide subsequently. It includes comic strips that include all the relevant topics as per the experience of the fictional characters. This booklet includes many exercises and worksheets that training participants can fill for themselves.

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International Labour Organization

Financial Education

BetterWork Jordan