

Key Knowledge

Currencies

Around the world, certain coins and notes can be spent within each country. This is the country's **currency**. To be able to use money in each country, coins and notes may need to be exchanged for coins and notes of the correct **currency**. When money is exchanged or transferred between countries, the **exchange rate** determines how much of one **currency** is equal to an amount of another. There are many ways money can be spent, such as coins and notes, debit or credit cards, contactless payments and online money transfers.

Spending Influences

There are many different influences on people's spending. These might include how much money is available, **value for money**, offers and advertising and people's own priorities.

Money can affect the environment through income and council **tax**. Through these payments, national and local governments can spend money looking after the environment and services within the country or local area. People may also choose to make decisions about spending which prioritise the environment, such as by avoiding single-use plastics and excess packaging, recycling their own unwanted items or looking for ways these can be reused or by taking reusable bags when they go shopping. It is important to view the choices of others with kindness and respect as people will make decisions based on their own priorities, needs and situation.



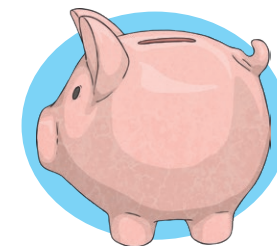
Key Vocabulary

microtransaction:	When money is spent within an app or online game to buy virtual goods.
risk:	A possibility of danger or harm.
consumers:	People who buy goods or services.
online shopping:	Buying goods on the Internet from a shop's website using a credit or debit card.
currency:	The coins and notes used in a country.
exchange rate:	How much of one currency is equal in value to an amount of another.
value for money:	How much of a product people receive in relation to how much money they pay for it.
ethical spending:	Making spending or shopping decisions that have no negative impact on the environment or people involved in making the goods.
tax:	Money that is paid to local and national governments to improve services. Income tax is paid to national government from people's wages and council tax is paid by households to local government.
budget:	1. An amount of money that can be spent over a given period of time. 2. A plan for how a certain amount of money will be spent over a period of time.



Budgeting

Some people choose to make a **budget** to plan what they need to buy. Planning spending activity for a certain amount of time can help people to feel confident the available money can be spent on what is needed. It is important to remember that people's spending is a personal decision and people have different choices to make. Everyone is in an individual financial position and spending options will vary depending on how much money is available and what needs to be spent. It is important to view the financial decisions of different people with kindness and respect.



Money and Emotions

Money can have an impact on people's emotional wellbeing. This is not because of how much or how little money people may have but could be emotions caused by whether people can afford what they need and the spending decisions they need to make. Sometimes, people may need to borrow money to cover costs.

Employment

Being employed can offer a regular salary, which can help people to pay for things they want and need. It also offers a way people can contribute positively to society as it benefits the economy of the area and pays **tax** to local and national government. There are many other ways people can make positive contributions to society. These include showing kindness, volunteering, fundraising, helping others, looking after the environment, raising awareness of important issues and contributing to food banks and community projects.

Money and the Internet

There are many ways people can spend money on the Internet. Some people use **microtransactions** to pay money for virtual goods in apps or online gaming. When shopping online, people can enter card details to provide payment. This can be done using either a debit card (which is linked to a bank account) or a credit card (where money is borrowed from a credit provider which then needs to be repaid). When entering payment details online, it is important to make sure the Internet connection and website are secure and reputable.

Key Learning Point

Financial Confidence

What people spend money on is an individual choice. It depends on many things like how much money is available, what is needed at the time, people's priorities and future costs that may need to be considered. People can make informed spending decisions by:

- having a clear understanding of what money is available;
 - understanding their own financial priorities;
 - being informed about how to keep money safe and secure (including electronically);
 - understanding how these decisions can affect their emotions.
- People's financial situations are individual. It is important that people understand their own financial position, the choices available and how these will affect their mental wellbeing.

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To look at all the planning resources linked to the **UKS2 Money Matters** unit, [click here](#).