

# FINANCIAL LITERACY TOOLKIT FOR MIGRANTS





# THIS HANDBOOK IS FOR YOU!

- **TO INSPIRE** AND HELP YOU **TAKE CONTROL** OF YOUR MONEY, FACE CHALLENGES, AND BUILD A STABLE, OPPORTUNISTIC LIFE.
- YOU HAVE SHOWN **COURAGE AND DETERMINATION** BY STARTING A NEW LIFE IN ANOTHER COUNTRY.
- NOW, IT'S TIME TO EMPOWER YOURSELF BY **LEARNING** ABOUT YOUR FINANCES AND **REACHING** YOUR GOALS.

# PREFACE



The **UpFin Project - UPGRADE FINANCIAL INCLUSION FOR MARGINALISED MIGRANTS** - co-funded by the **European Union** under the **Erasmus+ Programme** focuses on financial education aimed at that primarily serves migrant workers while also providing valuable resources for all individuals with migrant backgrounds living in rural areas, equipping them with the tools and knowledge to thrive.

In a rapidly changing world, financial inclusion has become a fundamental pillar for building resilient and equitable societies: the lack of skills leads vulnerable groups to poverty and exclusion from our local communities in terms of access to housing, food, health care, mobility and much more.

This material represents the collaborative effort of: **Weco** an Italian innovation design agency committed to promoting approaches and methods for social transformation; **PerMicro** an Italian organisation specialised in credit and microcredit solutions that facilitates individuals who might otherwise be excluded from mainstream financial services; the **Cooperative Bank of Karditsa**, based in Greece, dedicated to driving economic growth in ways that sustain and enrich local communities.

May this toolkit serve as a guide and a catalyst for further initiatives that empower individuals and strengthen our shared European community.

## The UpFin Project Team



# WHAT IS FINANCIAL EDUCATION?



- FINANCIAL EDUCATION MEANS LEARNING HOW TO MANAGE MONEY
- IT HELPS YOU UNDERSTAND HOW TO:

SAVE



BUDGET



INVEST



PLAN FOR THE FUTURE



*FINANCIAL LITERACY IS MORE THAN UNDERSTANDING  
TERMINOLOGY—IT'S ABOUT MAKING INFORMED AND  
STRATEGIC DECISIONS WITH YOUR MONEY*

# WHY THIS GUIDE?



- THIS GUIDE CAN HELP YOU PLAN YOUR FINANCIAL FUTURE.
- IT HELPS YOU BALANCE CURRENT NEEDS WITH LONG-TERM GOALS.
- BY PLANNING AND MANAGING MONEY TODAY, YOU CAN CREATE BETTER OPPORTUNITIES FOR YOURSELF AND YOUR FAMILY IN THE FUTURE.





# WHY FINANCIAL EDUCATION?



FINANCIAL EDUCATION IS ABOUT MORE THAN JUST MONEY- IT'S ABOUT CREATING FREEDOM AND UNLOCKING OPPORTUNITY.

*IT CAN HELP YOU:*



MAKE SMART DECISIONS  
AND CHOOSE THE BEST  
OPTIONS FOR YOU



REDUCE STRESS AND  
AVOID MONEY  
PROBLEMS, SCAM AND  
DEBT TRAPS



ACHIEVE YOUR GOALS AND  
SAVE FOR A HOME,  
EDUCATION OR THE  
OPENING OF A BUSINESS

# IMPORTANCE OF FINANCIAL INDEPENDANCE



*FINANCIAL INDEPENDENCE CAN GIVE YOU:*



## **SECURITY AND STABILITY**

- BUILD A SAFETY NET
- PROTECT YOURSELF AND YOUR LOVED ONES



## **LONG-TERM PROSPERITY**

- WORK TOWARD FINANCIAL INDEPENDENCE
- GROW IN A SUSTAINABLE WAY FOR A BETTER FUTURE



## **FREEDOM OF CHOICE**

- MAKE DECISIONS BASED ON VALUES, NOT JUST ON MONEY
- CHOOSE YOUR OWN PATH IN LIFE WITH FLEXIBILITY

# CHAPTER 2: BUDGETING

## 2.1 THE IMPORTANCE OF SAVINGS



### WHAT ARE SAVINGS?

THE PORTION OF YOUR INCOME THAT YOU DO **NOT** SPEND DURING THE SAME MONTH OR YEAR IT WAS EARNED.

### WHY SAVE MONEY?

IT IS IMPORTANT TO SAVE MONEY IN ORDER TO BE ABLE TO:

**COPE WITH URGENT EVENTS**  
(CELL PHONE DAMAGE, WORK LOSS,  
DISEASE, FRAUDS, ETC.).

**UNEXPECTED**

**REALISE YOUR GOALS/WISHES**  
(SEND REMITTANCES, ATTEND TRAINING  
COURSES, COVER CHILDREN  
EXPENSES/HOUSE, SPORT/VACATION,  
ENTERTAINMENT, ETC.).

**OBJECTIVES**



# CHAPTER 2: BUDGETING

## 2.1 THE IMPORTANCE OF SAVINGS



### THE ANT AND THE CICADA – AN INSTRUCTIVE TALE

During summer, the ant worked hard, saving up for winter. Instead, the cicada sang all day long and did not work. Winter came and the ant had food to eat-accumulated during the summer-and a home for shelter. The cicada began to feel hungry, so it went to the ant and asked for something to eat.

But the ant answered:

"I worked hard all summer long; what did you do instead?"

"I have sung," replied the cicada.

The ant then exclaimed: "And now dance!"

# CHAPTER 2: BUDGETING

## 2.2 REVENUE VS. EXPENSES - REMITTANCES



### HOW TO SAVE?

AS A FIRST STEP: MONITOR YOUR REVENUE AND YOUR EXPENSES

#### REVENUE

MONTHLY SALARY	€	1.200,00
PUBLIC SUBSIDIES	€	100,00
EXTRA WORK	€	100,00
GIFTS	€	50,00
INVESTMENT INCOME		
SEASONAL JOBS		
WINNINGS		
IRREGULAR INCOME		
<b>TOTAL</b>	€	<b>1.450,00</b>

#### EXPENSES

RENT/MORTGAGE	350,00 €
CONDOMINIUM EXPENSES	40,00 €
BILLS	150,00 €
TRANSPORTS	340,00 €
SUPERMARKET	240,00 €
TAXES	30,00 €
CLOTHING	20,00 €
MEDICAL EXPENSES	50,00 €
<b>TOTAL</b>	<b>1.220,00 €</b>

Balance

230,00 €

Electricity	60.00 €
Gas	20.00 €
Telephone	10.00 €
Internet	15.00 €
Water	
Heating	45.00 €
Tot	150.00 €

= Revenue - Expenses

SAMPLE OF  
A TYPICAL  
MONTH

# HOW TO INCREASE THE BALANCE?

IN THE SHORT TERM: ↓ **BY REDUCING EXPENSES**  
IN THE LONG TERM: ↑ **BY INCREASING THE INCOME**

# HOW TO MANAGE THE BALANCE?

**SAVING** –  
IN THE BANK FOR FUTURE PLANS, REMITTANCES

**LEISURE** – (Reducing expenses related to leisure)  
SPORT, LEISURE TIME, CULTURE, LEARNING

SAMPLE  
OF A  
TYPICAL  
MONTH

## REVENUE

MONTHLY SALARY	1.200,00 €
PUBLIC SUBSIDIES	€ 100,00
EXTRA WORK	€ 100,00
GIFTS	€ 50,00
INVESTMENT INCOME	
SEASONAL JOBS	
WINNINGS	
IRREGULAR INCOME	
TOTAL	1.450,00 €

## EXPENSES

RENT/MORTGAGE	€ 350,00
CONDOMINIUM EXPENSES	€ 40,00
BILLS	€ 150,00
TRANSPORT	€ 340,00
SUPERMARKET	€ 240,00
TAXES	30,00 €
CLOTHING	20,00 €
MEDICAL EXPENSES	50,00 €
TOTAL	1.220,00 €

Electricity	60.00 €
Gas	20.00 €
Telephone	10.00 €
Internet	15.00 €
Water	
Heating	45.00 €
Tot	150.00 €

Balance 230,00 €

= Revenue - Expenses

# CHAPTER 2: BUDGETING

## 2.2 DIFFERENT KINDS OF COSTS AND REVENUES



The categories of income and expenses that we find in the budget can be DISTINGUISHED INTO 3 DIFFERENT GROUPS:

- **FIXED COSTS/REVENUE:**  
THAT REMAIN THE SAME EACH MONTH
- **SEMI-FIXED COSTS/REVENUE:**  
THAT MAY SLIGHTLY VARY EACH MONTH
- **VARIABLE COSTS/REVENUE:**  
THAT CHANGE SIGNIFICANTLY EACH MONTH

VARIABLE COSTS ARE MOST LIKELY TO BE REDUCED

FIXED REVENUE
MONTHLY SALARY
SEMI-FIXED REVENUE
PUBLIC SUBSIDIES
VARIABLE REVENUE
GIFTS
EXTRA WORK
SEASONAL JOBS
INVESTMENT INCOME
WINNINGS
INFORMAL INCOME

FIXED COSTS
RENT/ MORTGAGE
CONDOMINIUM EXPENSES
SEMI-FIXED COSTS
FOOD
TRANSPORT
MEDICAL EXPENSES
EDUCATION
TAXES AND FEES
BASIC CLOTHING
VARIABLE COSTS
OPTIONAL CLOTHING
SURPLUS FOOD
ENTERTAINMENT AND RECREATIONAL ACTIVITIES
HOLIDAYS, BETTING
UNFORESEEN EXPENSES

## 2.3 HOUSE/CAR EXPENSES

BELOW ARE 2 EXAMPLES SHOWING ESTIMATED **AVERAGE FIXED** AND **VARIABLE COSTS** FOR MAINTAINING A HOUSE AND A CAR IN **ITALY**

	HOUSE RENT	CAR PURCHASE
RENT/ PURCHASE	PRICES VARY ACCORDING TO AREA, CONTRACT AND N. OF FLATMATES 500€ – 800€	MODEL (SECOND HAND) 4.000€ – 8.000€
UP-FRONT INVESTMENT	REAL ESTATE AGENCY FEE, SECURITY DEPOSIT AND RENT PAID IN ADVANCE RENT X 3	OWNERSHIP TRANSFER FEES 500 €
FIXED EXPENDITURE	CONDOMINIUM FEES (per month) 75€ - 150€	INSURANCE, ANNUAL ROAD TAX (per year) 450 € 150 €
VARIABLES EXPENDITURE	ADAPTATION OF INFLATION, STRUCTURAL WORK +X%	OIL, USAGE, MAINTENANCE (BREAKS, TYRES, ETC.) (per year) 250 € +
UNFORESEEN EXPENDITURE	DAMAGES (per year) 300 €	DAMAGES, THEFTS (per year) 300 €

## 2.3 HOUSE/CAR EXPENSES

BELOW ARE 2 EXAMPLES SHOWING ESTIMATED **AVERAGE FIXED** AND **VARIABLE COSTS** FOR MAINTAINING A HOUSE AND A CAR IN **GREECE**.

	HOUSE RENT	CAR PURCHASE
RENT/ PURCHASE	PRICES VARY ACCORDING TO AREA, CONTRACT AND N. OF FLATMATES 250€ – 700€	MODEL (SECOND HAND) 1.500€ – 8.000€
UP-FRONT INVESTMENT	REAL ESTATE AGENCY FEE, SECURITY DEPOSIT AND RENT PAID IN ADVANCE RENT X 3	OWNERSHIP TRANSFER FEES 150€ - 400€
FIXED EXPENDITURE	CONDOMINIUM FEES (per month) 75€ - 150€	INSURANCE, ANNUAL ROAD TAX (per year) 250 - 500 € 200 - 250 €
VARIABLES EXPENDITURE	ADAPTATION OF INFLATION, STRUCTURAL WORK +X%	OIL, USAGE, MAINTENANCE (BREAKS, TYRES, ETC.) (per year) 150 - 350 €
UNFORESEEN EXPENDITURE	DAMAGES (per year) 200 €	DAMAGES, THEFTS (per year) 300 €

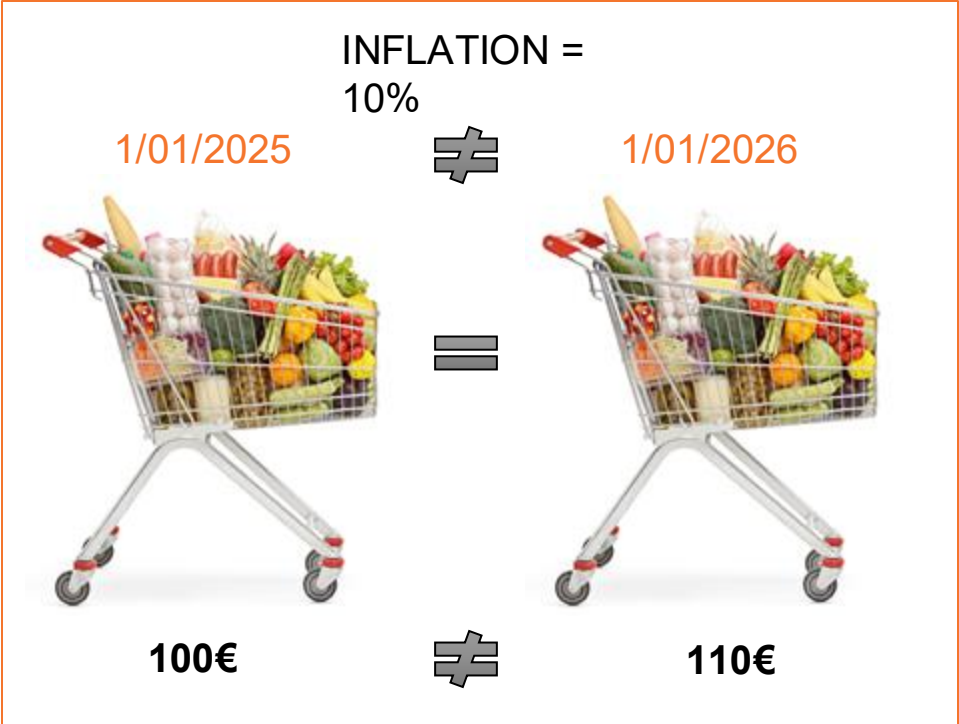


# CHAPTER 3: GROW YOUR BALANCE

## 3.1 INFLATION



INFLATION CAN SIGNIFICANTLY IMPACT YOUR BUDGET BALANCE. IT REFERS TO THE GENERAL INCREASE IN AVERAGE PRICES OF GOODS AND SERVICES OVER TIME.



### A FEW EXAMPLES:

	COST BEFORE INFLATION	INFLATION RATE	COST AFTER INFLATION
RENT	400€	10%	<b>440€</b>
FUEL	50€	10%	<b>55€</b>
BILLS	150€	10%	<b>165€</b>

*DUE TO INFLATION, YOUR MONEY LOSES ITS PURCHASING POWER OVER TIME, RESULTING IN BEING ABLE TO BUY FEWER GOODS AND SERVICES WITH THE SAME AMOUNT (INCOME).*

## 3.2 REMITTANCES: BE VIGILANT ABOUT FRAUD AND COSTS

**DEFINITION:** A REMITTANCE IS A NON-COMMERCIAL TRANSFER OF MONEY SENT BY **A MIGRANT WORKER**, A MEMBER OF A DIASPORA COMMUNITY, OR A CITIZEN WITH FAMILY ABROAD, TO INDIVIDUALS IN THEIR COUNTRY OF ORIGIN.

TO SEND REMITTANCES IT IS IMPORTANT *TO SAVE ENOUGH* SO THAT AT THE END OF THE MONTH THERE IS

- Sufficient money to live by (for your own expenses and plans)
- Sufficient money to send home

THERE ARE SOME TRANSFER COSTS THAT YOU SHOULD CONSIDER BEFORE SENDING REMITTANCES:

- *TRANSACTION COSTS*
- *EXCHANGE COSTS*

**PAY ATTENTION TO THE FRAUD ESPECIALLY ON LINE: TRUST RELIABLE OPERATORS!!!**

*“Remittance Prices Worldwide | MAKING MARKETS MORE TRANSPARENT”* (<https://remittanceprices.worldbank.org/>)

is a website that helps you practice and calculate your costs with different operators

1. SELECT THE COUNTRY YOU WANT TO SEND MONEY TO
2. CHOOSE YOUR PREFERRED AMOUNT FROM THE SUGGESTED ONES;
3. COMPARE THE OFFERS OF DIFFERENT OPERATORS TO CHOOSE THE MOST CONVENIENT ONES (*COSTS, TIME, MODE OF WHO SENDS AND WHO RECEIVES THE MONEY, ETC.*).

## 3.3 TAXES: THE IMPORTANCE OF A FORMAL JOB AND SALARY

### THERE ARE THREE DIFFERENT TYPES OF WORK:

1. **FORMAL JOB:** WORK BASED ON A VALID EMPLOYMENT CONTRACT THAT GUARANTEES YOUR RIGHTS AND PROTECTION. YOU RECEIVE A PAY SLIP OF EUR 1,000, YOUR EMPLOYER DEPOSITS EUR 1,000 IN YOUR BANK ACCOUNT.
1. **INFORMAL JOB:** WORK WHERE EMPLOYEES ARE HIRED WITHOUT LEGAL RIGHTS OR PROTECTION

#### DISADVANTAGES:

- NO CONTRACTUAL RIGHTS (*SICKNESS, INSURANCE AGAINST ACCIDENTS, HOLIDAYS, LEAVE, TRADE UNION RIGHTS*)
- LEGAL RISKS (*FINES, TAX ARREARS, ...*)
- NO SOCIAL BENEFITS (*PENSION, STATE SUBSIDIES, ...*)
- IMPACTS ON PERSONAL LIFE (*DIFFICULTY OBTAINING MORTGAGES, INSURANCE, OR BANKING SERVICES LIKE LOANS OR CREDIT CARDS*)

3. **GREY JOB:** WORK ONLY PARTIALLY FORMAL. THE EMPLOYER OFFICIALLY REPORTS ONLY PART OF YOUR ACTUAL INCOME (€1,000) AND THE REMAINDER (€500) IS PAID "UNDER THE TABLE" - EITHER IN CASH OR AS AN UNOFFICIAL BANK TRANSFER?



### 3.3 TAXES: THE IMPORTANCE OF A FORMAL JOB AND SALARY

**THE TAXES DECLARATION** IS THE DOCUMENT THROUGH WHICH THE TAXPAYER INFORMS TAX AUTHORITIES ABOUT HOW MUCH HE/SHE EARNs AND CONTRIBUTES TAXES ACCORDING TO HIS/HER TAX SITUATION.

**A TAX NUMBER** IS A UNIQUE IDENTIFIER ASSIGNED TO TAXPAYERS BY TAX AUTHORITIES (ALSO KNOWN AS *TAX IDENTIFICATION NUMBER, TIN*, OR IN SOME COUNTRIES LIKE ITALY "*CODICE FISCALE*" OR GREECE "*ΑΦΜ - ΑΡΙΘΜΟΣ ΦΟΡΟΛΟΓΙΚΟΥ ΜΗΤΡΩΟΥ*")



## 3.4 CONSUMPTIONS:

### THE QUICKEST, EASIEST WAY TO INCREASE (OR DECREASE) YOUR BALANCE

**DEFINITION:** CONSUMPTION REFERS TO THE GOODS AND SERVICES THAT PEOPLE PURCHASE AND USE WITH THEIR MONEY.

IT IS IMPORTANT TO LEARN HOW TO PROPERLY MANAGE CONSUMPTION *IN ORDER TO AVOID WASTING MONEY AND TO LEARN HOW TO SAVE.*

BELOW SOME TIPS TO SAVE:

- **AT THE SUPERMARKET**

- VISIT IT ONLY FEW TIMES A WEEK
- MAKE A SHOPPING LIST (AND STICK TO IT)
- BE AWARE OF THE OFFERS
- COMPARE ALL PRODUCTS BEFORE BUYING (PRICE PER KILO & QUANTITY)
- DO NOT BUY UNNECESSARY PRODUCTS



- **AT HOME**

- PAY ATTENTION TO THE ENERGY CONSUMPTION (ELECTRIC LIGHT, GAS, USE OF APPLIANCES)
- ENERGY BILLS MAY HAVE DIFFERENT PRICES DEPENDING ON THE TIME OF DAY: *IN SOME CASES, THE UTILITY COMPANY WILL CHARGE YOU LESS IF YOU USE ELECTRICITY IN THE EVENING AND AT NIGHT, ON SATURDAYS OR SUNDAYS. SO CHECK YOUR CONTRACT AND DECIDE HOW BEST TO USE ELECTRICITY (OVEN, WASHING MACHINE, IRON, ETC.).*
- BUY USED/REGENERATED PRODUCTS
- WAIT FOR THE SALES WHEN YOU HAVE TO BUY SOME GOODS (I.E. CLOTHES).

## 3.5 INVESTMENTS: PLAN YOUR INVESTMENTS TO BENEFIT LATER IN LIFE

**DEFINITION:** INVESTMENT IS THE "ALLOCATION OF RESOURCES TODAY WITH THE EXPECTATION OF GENERATING GREATER BENEFITS IN THE FUTURE."

BEFORE MAKING AN INVESTMENT, IT IS ESSENTIAL TO ASK YOURSELF: **WILL THIS INVESTMENT CREATE A POSITIVE IMPACT ON MY LIFE?** (INCLUDING QUALITY OF LIFE, HEALTH, EDUCATION, CAREER PROSPECTS, REDUCED EXPENSES, OR INCREASED FUTURE INCOME)

**FOR INSTANCE:**

- IF I BUY MY FIRST SECOND-HAND CAR, CAN I GET A BETTER (BETTER PAYING) JOB?
- IF I INVEST IN OBTAINING A LICENCE (SKILLED WORKER, VEHICLE), CAN I GET A BETTER JOB?
- IF I INVEST IN LEARNING THE LANGUAGE OF THE HOST COUNTRY, WILL I BE ABLE TO COMMUNICATE BETTER WITH LOCALS?
- IF I BUY AN AFFORDABLE HOUSE, CAN I AVOID PAYING THE RENT?

REMEMBER:

- Before investing, ASSESS BOTH YOUR SHORT AND LONG TERM NEEDS, in order to be able to PRIORITIZE the most urgent investments.
- Some investments REQUIRE OTHER SUBSEQUENT EXPENSES (such as buying a car), so CALCULATE these total costs before investing.
- WHEN APPROPRIATE, FINANCIAL SERVICES CAN SUPPORT YOUR INVESTMENT GOALS:
  - LOANS
  - MORTGAGES
  - MICROCREDIT

BE AWARE OF ADDITIONAL COSTS ASSOCIATED WITH BANK TRANSACTIONS AND REMEMBER: MAKING TIMELY REPAYMENTS ON YOUR LOAN INSTALMENTS IS ABSOLUTELY ESSENTIAL!



# CHAPTER 4 BANK SERVICES

## UNDERSTANDING HOW BANKS CAN HELP YOU

### 4.1. OPENING A BANK ACCOUNT

**WHAT IS A BANK ACCOUNT?** A SECURE PLACE PROVIDED BY A FINANCIAL INSTITUTION WHERE YOU CAN DEPOSIT AND MANAGE YOUR MONEY.

**YOU NEED A BANK ACCOUNT TO:**

- RECEIVE YOUR SALARY THROUGH OFFICIAL CHANNELS
- STORE YOUR MONEY SECURELY
- PAY BILLS AND MAKE PURCHASES CONVENIENTLY
- ACCUMULATE SAVINGS
- ACCESS FINANCIAL SERVICES SUCH AS LOANS AND RECEIVE SOCIAL BENEFITS



# MAIN TYPES OF BANK ACCOUNTS

## 1. CURRENT ACCOUNT:

- FOR DAILY TRANSACTIONS
- COMES WITH A DEBIT CARD
- EASY ACCESS TO YOUR MONEY
- SUITABLE FOR PAYING BILLS
- USUALLY HAS LOWER OR NO INTEREST RATES

## 2. SAVINGS ACCOUNT:

- FOR KEEPING MONEY YOU DON'T NEED RIGHT AWAY
- EARNS INTEREST ON YOUR DEPOSITS
- FEWER TRANSACTIONS ALLOWED
- HELPS YOU SAVE FOR FUTURE GOALS
- MAY REQUIRE MINIMUM BALANCE DEPENDING ON THE BANK

## 1. SIGHT ACCOUNT:

- PRIMARILY FOR BUSINESSES AND ENTERPRISES
- OFFERS IMMEDIATE ACCESS TO FUNDS
- PROVIDES INTEREST ON BALANCES
- HIGHER TRANSACTION LIMITS THAN PERSONAL ACCOUNTS

## REQUIREMENTS FOR OPENING A BANK ACCOUNT

THE DOCUMENTS REQUIRED TO OPEN A BANK ACCOUNT *MAY VARY BY BANK, COUNTRY, AND TIME PERIOD, ACCORDING TO LOCAL REGULATIONS AND INDIVIDUAL BANK POLICIES.* HOWEVER, TYPICALLY REQUIRED DOCUMENTS INCLUDE:

### KEY DOCUMENTS:

- VALID IDENTIFICATION (PASSPORT/ID CARD/RESIDENCE PERMIT/BIRTH CERTIFICATE)
- TAX IDENTIFICATION NUMBER VERIFICATION
- PROOF OF CURRENT ADDRESS (UTILITY BILL, RENTAL AGREEMENT, ETC.)
- VERIFICATION OF MOBILE PHONE NUMBER

## REQUIREMENTS FOR OPENING A BANK ACCOUNT

### ADDITIONAL HELPFUL INFORMATION:

- ALL DOCUMENTS SHOULD BE CURRENT AND VALID
- CERTAIN BANKS MAY REQUIRE OFFICIAL TRANSLATION OF DOCUMENTS
- EMPLOYMENT DETAILS MAY BE REQUESTED WHERE APPLICABLE
- SOME ACCOUNTS REQUIRE A MINIMUM INITIAL DEPOSIT
- SCHEDULING AN APPOINTMENT MAY BE NECESSARY
- ORIGINAL DOCUMENTS ARE TYPICALLY PREFERRED OVER COPIES

### IMPORTANT TIPS:

- VERIFY SPECIFIC REQUIREMENTS WITH THE BANK IN ADVANCE
- INQUIRE ABOUT MULTILINGUAL STAFF AVAILABILITY
- REVIEW ALL ACCOUNT FEES AND CHARGES BEFORE OPENING
- FAMILIARIZE YOURSELF WITH ESSENTIAL BANKING TERMINOLOGY IN THE LOCAL LANGUAGE

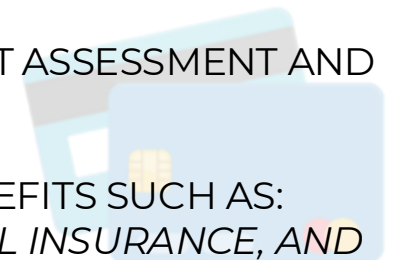
## 4.2 BANK CARDS

### DEBIT CARDS:

- ALLOW YOU TO PAY DIRECTLY USING FUNDS FROM YOUR BANK ACCOUNT
- PROVIDE MORE SECURITY THAN CARRYING CASH THAT COULD BE LOST OR STOLEN
- CAN BE USED FOR IN-STORE AND ONLINE PURCHASES
- ENABLE CASH DEPOSITS AND WITHDRAWALS AT ATMs
- INCLUDE DAILY SPENDING LIMITS FOR ADDED SECURITY
- OFFER CONTACTLESS PAYMENT FUNCTIONALITY FOR SMALL TRANSACTIONS
- TYPICALLY PROVIDED AT NO COST WITH BANK ACCOUNTS, THOUGH REPLACEMENT FEES MAY APPLY IF LOST OR STOLEN

### CREDIT CARDS:

- INVOLVES BORROWING MONEY FROM THE BANK FOR IMMEDIATE PURCHASES WITH DEFERRED REPAYMENT
- CAUTION: INCURS HIGH INTEREST CHARGES IF NOT REPAYED BY THE DUE DATE
- USEFUL FOR EMERGENCY EXPENSES AND TEMPORARY CASH FLOW GAPS
- HELPS ESTABLISH AND BUILD YOUR CREDIT HISTORY WHEN USED RESPONSIBLY
- REQUIRES AT LEAST MINIMUM MONTHLY PAYMENTS TO MAINTAIN GOOD STANDING
- CREDIT LIMITS ARE ASSIGNED BASED ON YOUR INCOME AND CREDITWORTHINESS
- APPROVAL DEPENDS ON CREDIT ASSESSMENT AND PROOF OF STABLE INCOME
- MAY INCLUDE ADDITIONAL BENEFITS SUCH AS: *PURCHASE PROTECTION, TRAVEL INSURANCE, AND FRAUD PROTECTION*



# IMPORTANT SAFETY TIPS:

- NEVER SHARE YOUR PIN
- STORE CARDS IN A SAFE PLACE
- MONITOR TRANSACTIONS REGULARLY
- IMMEDIATELY NOTIFY YOUR BANK OF LOST OR STOLEN CARDS
- BE CAREFUL WITH ONLINE PURCHASES - USE SECURE WEBSITES ONLY



## 4.3 ACCESS TO FUNDING: GETTING A BANK LOAN

### **BANK RATING AND SCORING:**

- BANKS CHECK YOUR FINANCIAL HISTORY TO DECIDE IF THEY CAN LEND YOU MONEY.
  - CREDIT SCORE FUNCTIONS AS A FINANCIAL GRADE THAT BANKS GIVE YOU BASED ON HOW WELL YOU HANDLE MONEY –  
*THE HIGHER YOUR SCORE, THE MORE BANKS WILL TRUST YOU WITH LOANS*
- HAVING REGULAR INCOME HELPS
- AVOID GAMBLING AND BETTING - BANKS ASK INFO ON SUCH ACTIVITIES
- START WITH SMALL LOANS TO BUILD TRUST
- MAINTAIN A GOOD ACCOUNT BALANCE
- DOCUMENT SOURCES OF INCOME

### **BARRIERS TO FUNDING:**

- NO CREDIT HISTORY\*
- NEGATIVE BANKING HISTORY
- INSUFFICIENT INCOME
- LACK OF COLLATERAL
- UNSTABLE EMPLOYMENT
- INCOMPLETE DOCUMENTATION

*\*CREDIT HISTORY means your financial reputation - it shows how well you have handled money and paid bills in the past*

# GOOD AND BAD HABITS

## ✓ GOOD:

- PAY BILLS ON TIME
- SAVE MONEY REGULARLY
- KEEP STABLE EMPLOYMENT
- MAINTAIN PROPER DOCUMENTATION
- USE BANK ACCOUNTS RESPONSIBLY
- BUILD RELATIONSHIPS WITH YOUR BANK

## ✗ BAD:

- GAMBLING
- OVERDRAWING YOUR ACCOUNT
- FAILING TO MAKE PAYMENTS BY DUE DATES
- PROVIDING INACCURATE OR FALSE INFORMATION
- APPLYING FOR MULTIPLE LOANS SIMULTANEOUSLY
- TAKING UNNECESSARY LOANS



# TIPS FOR SUCCESS



- PREPARE ALL NECESSARY DOCUMENTS BEFORE APPLYING
- BE HONEST ABOUT YOUR FINANCIAL SITUATION
- INQUIRE ABOUT SPECIALIZED PROGRAMS DESIGNED FOR NEWCOMERS OR FOREIGN RESIDENTS
- CONSIDER A GUARANTOR IF POSSIBLE
- BEGIN WITH MODEST LOAN AMOUNTS TO ESTABLISH CREDIBILITY
- UNDERSTAND ALL TERMS AND CONDITIONS
- KEEP COPIES OF ALL LOAN AGREEMENTS AND CORRESPONDENCE

### 4.3.a ACCESS TO FUNDING: MICROCREDIT

#### KEY FEATURES:

- SMALL LOANS-TYPICALLY UP TO 50,000 EUROS—FOR BUSINESS STARTUP OR URGENT FINANCIAL NEEDS
- MORE ACCESSIBLE THAN TRADITIONAL LARGE LOANS
- TYPICALLY NEEDS A VIABLE BUSINESS PLAN BEFORE APPLYING THROUGH A BANK
- OFFERS MORE FAVORABLE INTEREST RATES COMPARED TO CREDIT CARDS
- IT DOES IN PRINCIPLE NOT REQUIRE TANGIBLE COLLATERAL\*
- ACCESSIBLE BY LOW-INCOME PERSONS
- DESIGNED TO PROMOTE FINANCIAL INCLUSION
- FEATURES FASTER APPROVAL PROCEDURES

**COLLATERAL** is an asset that a borrower pledges to a lender to secure a loan. If the borrower defaults on the loan, the lender assumes the legal right to liquidate the collateral, in order to recover their losses. Collateral types used in loan agreements are usually tangible assets, e.g. future cash flows or real estate properties. However, this is not always the case for microcredit which does not require tangible assets and is often secured based on trust and personal guarantees.

## 4.3.a ACCESS TO FUNDING: MICROCREDIT

### **ADVANTAGES:**

- ESTABLISHES AND STRENGTHENS CREDIT HISTORY
- SUPPORTS ENTREPRENEURSHIP
- OFFERS FLEXIBLE REPAYMENT OPTIONS
- FREQUENTLY INCLUDES PROFESSIONAL BUSINESS DEVELOPMENT SUPPORT AND MENTORING SUPPORT
- TYPICALLY PROVIDES TRANSPARENT FEE STRUCTURES WITHOUT HIDDEN COSTS
- ACCESSIBLE TO NEWCOMERS AND THOSE WITH LIMITED FINANCIAL HISTORY

### **REQUIREMENTS:**

- VALID IDENTIFICATION
- PROOF OF CURRENT ADDRESS
- STRUCTURED BUSINESS PLAN (IF FOR BUSINESS)
- PROOF OF INCOME (EVEN IF LOW)
- CLEAR DECLARATION OF LOAN PURPOSE
- ACTIVE BANKING RELATIONSHIP WITH TRANSACTION ACCOUNT

### **ADDITIONAL TIPS:**

- ASK ABOUT EU-SUPPORTED MICROCREDIT PROGRAMS
- SEEK FREE FINANCIAL ADVICE FROM MICROCREDIT PROVIDERS
- COMPARE DIFFERENT MICROCREDIT PROVIDERS
- CHECK FOR SPECIAL PROGRAMS FOR MIGRANTS
- READ ALL TERMS CAREFULLY BEFORE SIGNING

## 4.4 FORMAL LOANS

### WHAT IS A LOAN?

A FINANCIAL ARRANGEMENT WHERE YOU BORROW FUNDS FROM A LENDING INSTITUTION THAT MUST BE REPAYED WITH INTEREST ACCORDING TO AGREED TERMS

### IMPORTANT TERMS YOU NEED TO KNOW:

- **CAPITAL:** THE AMOUNT YOU BORROW
- **INTEREST RATE:** EXTRA MONEY YOU PAY ON TOP OF THE CAPITAL
- **FIXED PAYMENT INSTALLMENTS,** USUALLY MONTHLY
- **LOAN TERM:** TOTAL TIME TO REPAY THE LOAN
- **ANNUAL PERCENTAGE RATE:** TOTAL YEARLY COST INCLUDING FEES
- **LATE PAYMENT PENALTIES:** EXTRA CHARGES IF YOU MISS PAYMENTS

### YOUR RIGHTS:

- ASK CLEAR INFORMATION ABOUT COSTS
- EXPECT FAIR AND EQUAL TREATMENT
- RECEIVE WRITTEN LOAN AGREEMENT
- GET DETAILED PAYMENT SCHEDULE
- EARLY REPAYMENT OPTION



## 4.4 FORMAL LOANS

### YOUR OBLIGATIONS:

- PAY ON TIME
- PROVIDE ACCURATE INFORMATION
- NOTIFY YOUR BANK OF CHANGES, E.G. IN ADDRESS
- REPORT PAYMENT DIFFICULTIES EARLY
- USE LOAN AS AGREED
- MAINTAIN REQUIRED INSURANCE
- KEEP ALL LOAN DOCUMENTS



### BEFORE SIGNING:

- READ ALL DOCUMENTS CAREFULLY
- UNDERSTAND TOTAL COST OF LOAN
- CHECK MONTHLY PAYMENT AMOUNT
- VERIFY INTEREST RATE TYPE (FIXED OR VARIABLE)
- CONFIRM REPAYMENT SCHEDULE
- ASK QUESTIONS IF ANYTHING IS UNCLEAR

## 4.5 PHYSICAL VS. DIGITAL BANKING

### PHYSICAL BANKING:

- VISIT BANK BRANCH
- TALK DIRECTLY TO STAFF
- GET HELP WITH PROBLEMS
- DEPOSIT/WITHDRAW CASH
- GET OFFICIAL DOCUMENTS STAMPED
- RECEIVE FACE-TO-FACE ADVICE

### ADVANTAGES:

- PERSONAL SERVICE
- COMPLEX TRANSACTIONS POSSIBLE
- IMMEDIATE PROBLEM RESOLUTION
- GOOD FOR LARGE CASH TRANSACTIONS
- HELPFUL FOR LANGUAGE BARRIERS



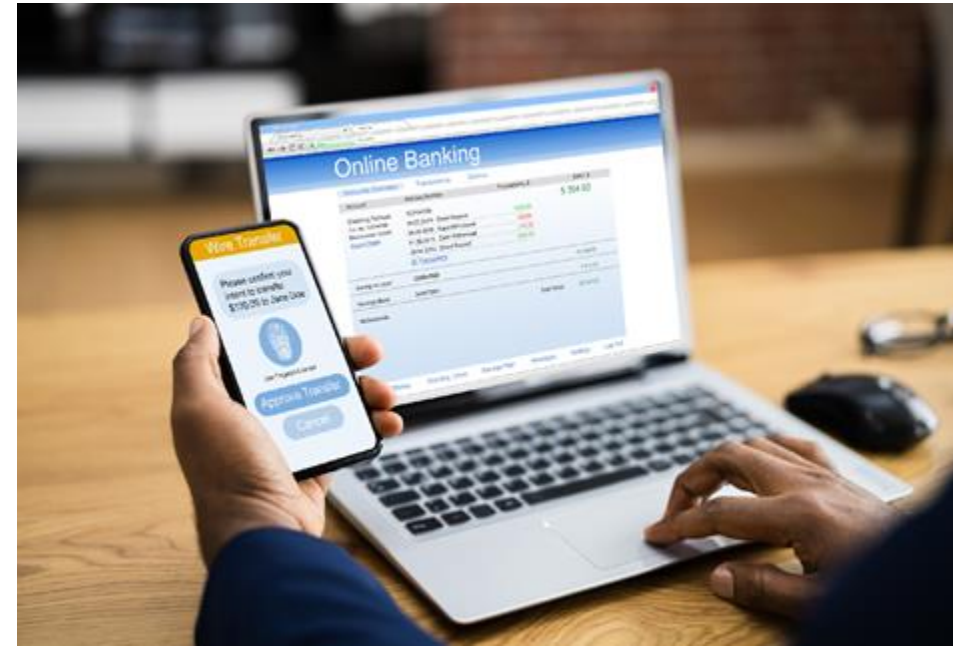
## 4.5 PHYSICAL VS. DIGITAL BANKING

### DIGITAL BANKING:

- VIA PHONE OR COMPUTER
- 24/7 ACCESS
- SAVES TIME
- USUALLY FREE
- EASY TRANSACTIONS
- REAL-TIME ACCOUNT BALANCE MONITORING
- IMMEDIATE MONEY TRANSFERS
- ELECTRONIC BILL PAYMENTS
- DOWNLOADING OF ACCOUNT STATEMENTS

### SAFETY TIPS FOR DIGITAL BANKING:

- USE STRONG PASSWORDS
- NEVER SHARE LOGIN DETAILS
- AVOID PUBLIC WIFI FOR BANKING
- CHECK FOR SECURE WEBSITES (SEE THE LOCK SYMBOL)
- UPDATE YOUR APP REGULARLY
- MONITOR ACCOUNTS FREQUENTLY
- ENABLE NOTIFICATIONS FOR TRANSACTIONS



# IMPORTANT TO REMEMBER:

- BOTH BANKING & DIGITAL SERVICES ARE AVAILABLE TO YOU
- CHOOSE BASED ON YOUR NEEDS
- DIGITAL BANKING REQUIRES INTERNET ACCESS
- KEEP BANK CONTACT NUMBERS HANDY
- SOME SERVICES REQUIRE BRANCH VISITS
- HELP IS AVAILABLE FOR DIGITAL BANKING

# CHAPTER 5: INFORMAL ECONOMY & ALTERNATIVE TOOLS



## 5.1 LEARN OTHER WAYS TO MANAGE YOUR FINANCES: **CASH MANAGEMENT**



### KEEPING CASH SAFE:

- COUNT MONEY CAREFULLY WHEN RECEIVING OR EXCHANGING
- STORE IN A SECURE PLACE
- MAINTAIN A SEPARATE EMERGENCY FUND
- DOCUMENT ALL EXPENDITURES
- AVOID KEEPING TOO MUCH CASH AT HOME
- DISTRIBUTE CASH ACROSS MULTIPLE SECURE LOCATIONS
- MAINTAIN DOCUMENTATION FOR SIGNIFICANT CASH AMOUNTS

### RISKS OF CASH HANDLING:

- CAN BE STOLEN
- HARD TO PROVE YOU HAD IT
- MIGHT GET DAMAGED
- EASY TO SPEND QUICKLY
- LACKS INSURANCE PROTECTION
- CREATES NO AUTOMATIC TRANSACTION RECORD

## 5.1 LEARN OTHER WAYS TO MANAGE YOUR FINANCES: **CASH MANAGEMENT**

### **SMART CASH MANAGEMENT**

- PLAN HOW MUCH TO SPEND AND SAVE!
- CREATE A WEEKLY BUDGET
- KEEP RECEIPTS FOR MAJOR PURCHASES
- USE ENVELOPES FOR DIFFERENT EXPENSES
- COUNT CASH REGULARLY
- CONSIDER PARTIAL BANK DEPOSITS

### **SAFETY TIPS:**

- NEVER DISPLAY LARGE SUMS IN PUBLIC
- COUNT MONEY IN PRIVATE
- AVOID PREDICTABLE ROUTINES
- BE DISCREET WHEN CARRYING CASH
- KEEP EMERGENCY CONTACTS HANDY
- USE WELL-LIT ATMs
- REPORT THEFT IMMEDIATELY

## 5.2 LEARN OTHER WAYS TO MANAGE YOUR FINANCES: **INFORMAL SAVINGS**

### **WHAT ARE “INFORMAL SAVINGS”?**

MONEY KEPT AT HOME OR IN ANOTHER PLACE OUTSIDE THE BANKING SYSTEM

### **SAVING METHODS:**

- MONEY BOX AT HOME
- SAVINGS GROUPS WITH FRIENDS
- INVESTING IN TANGIBLE ITEMS

### **BE CAREFUL:**

- KEEP SAVINGS PRIVATE
- LIMIT KNOWLEDGE OF YOUR SAVINGS TO TRUSTED INDIVIDUALS
- CONSIDER BANK ACCOUNT INSTEAD
- KEEP RECORDS OF SAVINGS
- DIVERSIFY SAVING LOCATIONS
- SET REALISTIC SAVING GOALS
- HAVE AN EMERGENCY PLAN

### **RISKS:**

- MONEY CAN BE LOST, STOLEN OR DAMAGED
- NO INTEREST EARNED
- NEITHER INSURANCE NOR LEGAL PROTECTION
- INFLATION REDUCES VALUE
- HARDER TO TRACK SAVINGS GROWTH



## 5.3 LEARN OTHER WAYS TO MANAGE YOUR FINANCES: **BORROWING AND LENDING MONEY**



### **INFORMAL BORROWING:**

- FROM FAMILY OR FRIENDS
- MAKE CLEAR AGREEMENTS TO AVOID CONFLICTS
- PUT AGREEMENTS IN WRITING
- SET REPAYMENT DATE
- KEEP RECORDS
- COMMUNICATE ABOUT DELAYS
- BE REALISTIC ABOUT REPAYMENT
- CONSIDER IMPACT ON RELATIONSHIP

### **RISKS TO AVOID:**

- UNLICENSED LENDERS
- EXTREMELY HIGH INTEREST RATES
- BORROWING WHEN THERE ARE ALREADY BROKEN RELATIONSHIPS
- VERBAL-ONLY AGREEMENTS
- PRESSURE TACTICS
- SHARING PERSONAL DOCUMENTS

### **BETTER OPTIONS:**

- BANK LOANS
- REGISTERED MICROFINANCE INSTITUTIONS



# SAFE LENDING PRACTICES

## ✓ GOOD:

- ONLY LEND WHAT YOU CAN AFFORD TO LOSE
- GET EVERYTHING IN WRITING
- SET CLEAR TERMS AND DEADLINES
- KEEP COPIES OF ALL DOCUMENTS
- MAINTAIN OPEN COMMUNICATION
- RESPECT PRIVACY OF BORROWER
- CONSIDER LEGAL IMPLICATIONS

## ✗ WARNING SIGNS OF PREDATORY LENDING:

- PRESSURE TO DECIDE QUICKLY
- NO CREDIT CHECK REQUIRED
- EXCESSIVE FEES OR INTEREST
- UNCLEAR TERMS AND CONDITIONS
- REQUESTS FOR IDENTITY DOCUMENTS
- CASH-ONLY TRANSACTIONS
- NO PHYSICAL ADDRESS

# CONCLUSION



FINANCIAL EDUCATION SUPPORTS US IN MAKING BETTER CHOICES TODAY FOR A SECURE FUTURE.

LEARNING TO ***BUDGET, SAVE, AND PLAN*** FOR THE LONG TERM, FOSTERS FINANCIAL INDEPENDENCE AND REDUCES STRESS.

UNDERSTANDING ***INFLATION, COSTS, DUTIES, TAXES, AND*** GETTING FAMILIAR WITH ***FINANCIAL TOOLS*** LIKE CREDIT HELPS MANAGE MONEY BETTER.

INFORMAL METHODS, LIKE INDIVIDUAL SAVING OR BORROWING FROM FRIENDS, CAN BE USEFUL ***BUT HAVE LIMITATIONS.***

USING OFFICIAL SERVICES SUCH AS BANKING SERVICES OFFERS A ***SAFER AND MORE STABLE FINANCIAL FUTURE.***

FOLLOWING THE TIPS IN THIS GUIDE HELPS IMPROVE YOUR FINANCIAL SITUATION AND GAIN CONTROL OVER YOUR FINANCES.

**MANAGE YOUR MONEY WISELY, AND THE FUTURE WILL TAKE CARE OF ITSELF!**



**Co-funded by  
the European Union**

*Project Code (2024-1-IT02-KA210-ADU-000256681)*

Funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or the European Education and Culture Executive Agency (EACEA). Neither the European Union nor EACEA can be held responsible for them.