

YOU AND ECONOMICS

FINANCIAL EDUCATION FOR ADULTS



BANCA D'ITALIA
EUROSISTEMA



 L'ECONOMIA
PER TUTTI
BANCA D'ITALIA PER LA CULTURA FINANZIARIA

You and Economics Financial education for adults is an educational package composed of a 48-page Students' Handbook, a 148-page Teacher's Guide and a mobile app, *Tu e l'economia (You and Economics)*, downloadable for free from Google Play and the App Store.



YOU AND ECONOMICS

Financial education for adults



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PREFACE

You will have to make several financial decisions throughout your life; some may be easy, others more difficult or demanding, like buying a house.

Today, having little or no knowledge of how to manage money is like being illiterate, and makes us weak and defenceless. This booklet provides you with guidance to help you manage your finances better.

'You and economics' uses clear and simple language to look at the fundamental issues people have to deal with in life: what different sources of income are like, the correct use of payment methods, planning your finances, and how to use credit and customer protection tools wisely. At the end of this programme, you will no longer have trouble making money management decisions.

The Bank of Italy

HOW TO USE THIS BOOKLET

This booklet contains the fundamental issues of financial education developed in the “Tu e l’economia” programme.

Each unit contains a concept map, key terms, tables and links to web pages which provide further information and digital instruments.

Use this booklet to learn and focus on what you are interested in and on what is necessary for you now and in the future!

The Authors







Don't forget to download **Tu e l'Economia** from Google Play or App Store. It's a free app in Italian only. It can help you become familiar with the Italian language.









This booklet is a translation of the students' handbook produced as a part of the educational kit including a free app downloadable from Google Play and App Store developed for a financial education programme conducted by the Bank of Italy. This booklet is intended to help you understand the Italian language related to personal finance.

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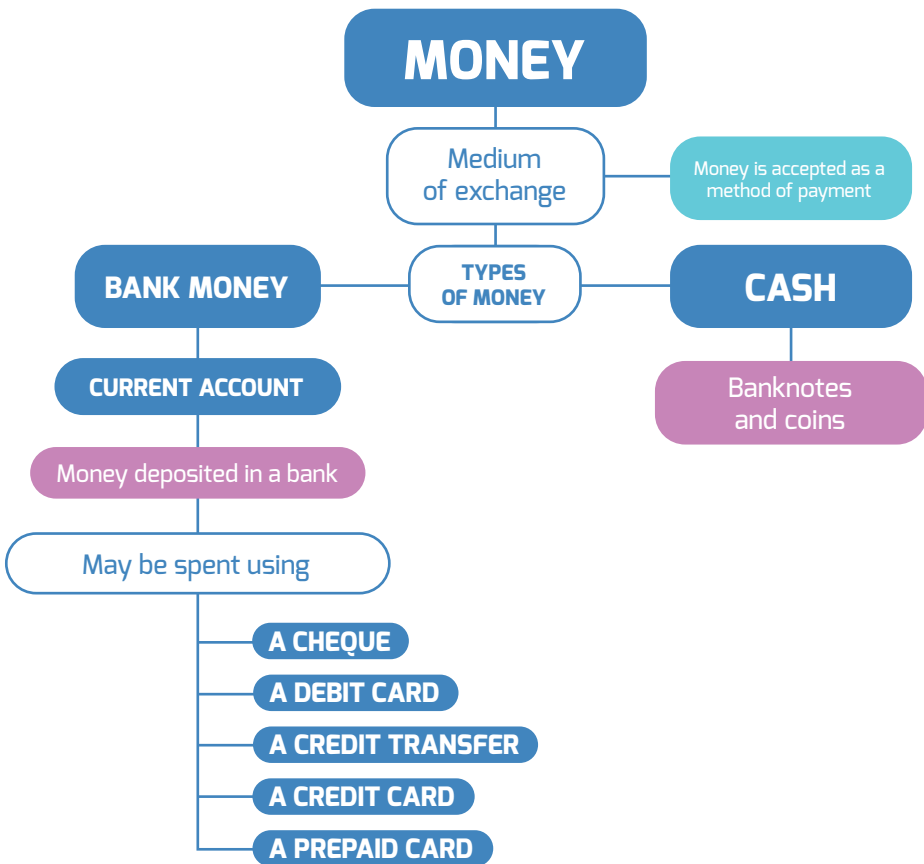
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UNIT 1

Methods of payment and the current account





KEY TERMS

Banknote (*banconota*): paper money.

Cash (*contante*): banknotes and coins.

Cheque (*assegno*): a cheque is a paper form that is filled in by the current account holder (*titolare del conto*) and which allows the person receiving it (*beneficiario*) to collect the sum of money (*ammontare*) written on it after paying it into their current account (*versare sul conto*).

Credit card (*carta di credito*): this card allows you to spend money that you borrow from the issuer (for example your bank) and that you have to repay by set dates.

Credit transfer (*bonifico*): a transfer of money from one account to another.

Current account (*conto corrente*): a current account allows you to hold deposits with your bank. You can withdraw and spend the money when you need to.

Debit card (*carta di debito*, also called '*bancomat*'): this card allows you to spend money by withdrawing funds directly from your bank account.

IBAN: the International Bank Account Number is an alphanumeric code – made up of 27 letters and numbers – that identifies the country, bank, and the customer's current account.

ISEE: this is an Indicator of a household's (*famiglia*) financial situation. If your ISEE is low, you can apply for social benefits (*prestazioni sociali*) and public services at a low cost (*servizi pubblici a basso costo*). It is issued by the National Institute of Social Security (INPS).

Payment card with an IBAN (*carta con IBAN / carta ibanizzata*): a prepaid card also known as an 'account card' (*carta conto*) because it has an International Banking Account Number (IBAN) like bank accounts do. This card allows you to make and receive credit transfers (*bonifici*) and to make direct debit payments (*pagamenti con addebito diretto*), in some cases also outside Italy (see Unit 3).

Prepaid card (*carta prepagata*): with this card you can only spend the money you have loaded beforehand. You do not need a current account to reload it.



To learn more, go to

<https://economiepertutti.bancaditalia.it/pagare/index.html?com.dotmarketing.htmlpage.language=3>

<https://economiepertutti.bancaditalia.it/pagare/index.html?com.dotmarketing.htmlpage.language=1>

available in English and Italian



IT IS IMPORTANT TO REMEMBER THAT...

Payment methods have advantages and disadvantages:

- Cash can be lost or stolen. The law can set limits on cash payments that can change over time;
- Prepaid, debit and credit cards can be lost or stolen but you can get the card blocked to protect your money;
- Cheques can only be used if there is enough money to cover them on your current account;
- Money transfers can be used to send large amounts of money.



DIFFERENCES

What's the difference between a debit card ('bancomat') and a credit card?

BANCOMAT

- *Bancomat* is the informal Italian word for a debit card. The money you spend using a *Bancomat*/debit card is taken directly from your current account
- For payments above a certain threshold you have to use a Personal Identification Number (PIN)
- Check the costs of using a debit card with your bank
- It enables you to pay without having cash in your wallet
- A debit card allows you to draw cash from your account at an automated teller machine (ATM), also called a '*bancomat*' in Italy; check the costs with your bank

CREDIT CARD

- A credit card allows you to pay using money you are borrowing from the bank and that you will have to pay back by a certain deadline.
- For payments above a certain threshold you have to use a Personal Identification Number (PIN) or sign a receipt and you may be asked to show some ID
- Check the costs with your bank
- It allows you to pay without having cash in your wallet
- A credit card allows you to draw cash from your account at an automated teller machine (ATM) but there is a fee and you have to pay interest



IT IS IMPORTANT TO REMEMBER THAT:

Before opening a current account,

- You should think about what you really need;
- You have the right to be fully informed about the costs you will have to pay and the services available to you;
- You can choose which services you want;
- If your indicator of household composition and financial situation (the ISEE) is less than €11,600 (the rules for this amount may change, so check them from time to time), you have the right to a no-cost basic current account (*conto corrente di base*).



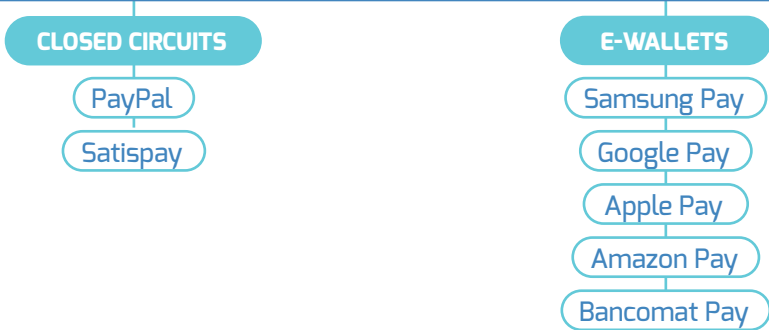
UNIT 2

E-commerce and digital payments

MAIN WAYS TO MAKE ONLINE PAYMENTS



OTHER PAYMENT METHODS





KEY TERMS

Contactless payment (*pagamento contactless*): a payment you make by bringing your card or mobile phone close to the POS (Point of Sale) payment terminal. You always need to use your PIN for payments over €50 and occasionally also for payments below €50.

Credit transfer via a closed circuit (*bonifico a circuito chiuso*): a credit transfer made between customers with the same service provider (for example PayPal and SatisPay).

Direct Debit (*addebito diretto*): a payment service offered by banks for one-off or regular automatic payments to companies or persons that provide goods or services (for example utility bills). It is also called an SDD (SEPA Direct Debit).

E-commerce (*commercio elettronico*): exchange of goods and services on an online platform using electronic payment methods.

E-wallet (*portafoglio elettronico*): an app that allows customers (*clienti*) to store (*registrare*) payment card details and perform transactions in just a few seconds. Some examples of e-wallet providers are Google Pay, Amazon Pay, Apple Pay and Samsung Pay. Customers access their online account through an e-wallet and choose one of the cards previously stored to pay.

International credit transfer (*bonifico internazionale*): a credit transfer made to a current account outside the Single European Payment Area; check the cost before you do this.

Mobile payments (*pagamenti con cellulare*): payments made using a smartphone via an app where you store your payment cards; you can also use your mobile credit (*credito telefonico*) for phone services, public transport tickets, parking or charity donations.

Payment cards (*carte di pagamento*): prepaid, debit and credit cards (see Unit 1).

SEPA Credit transfer (*bonifico SEPA*): a SEPA credit transfer or SCT is a credit transfer made in the single currency area for payments in euros between two current account holders. The person paying (*ordinante*) must indicate the IBAN of the person receiving (*beneficiario*). It usually takes one business day (*giorno lavorativo*) for funds to reach the other person's account.

Strong authentication (*autenticazione forte*): a security procedure based on using at least two security elements to access an online payment account or to make online payments via a credit transfer or using a card. The security elements may be something the payer knows (a password), something the payer owns (a token or a mobile) or something unique to the payer (fingerprint).

Online scams (*truffe online*): scamming by electronic means, including malware, phishing, smishing and vishing.

Malware (*software malevolo*): software designed to damage electronic devices or to gain unauthorised access to a system and steal confidential information. It can be detected when a device behaves strangely.

Phishing: fake emails from financial institutions (banks or credit card companies) or fake web pages that require access after registration (web-mail, e-commerce platforms, etc.). Scammers try to get confidential information such as credentials, access codes or payment card details.

Smishing: fraud via SMS (Short Message Service), similar to phishing.

Vishing: phone fraud. A fraudster calls the unwitting victim, for example from a number that appears to be their bank's Customer Services number, and tries to trick them into giving out personal details, bank details or security credentials.



To learn more, go to
https://www.bancaditalia.it/pubblicazioni/guide-bi/guida-pagamenti-comm-elettronico/guide-BI-i-pagamenti-nel-commercio-elettronico_ING.pdf



IT IS IMPORTANT TO REMEMBER THAT...

Some behaviours and precautions can help you avoid scams and protect your money. Here are some:

- check you haven't lost your payment instruments often (payment cards, token, smartphone);
- check your bank or card statement (*lista dei movimenti*) often;
- activate payment notifications such as an sms alert;
- protect your password: change your password regularly, make it difficult to guess (strong password) and don't automatically save passwords on browsers;
- make sure you're using a secure network (*rete sicura*). Don't make payments when you're connected to a public or open wi-fi;
- check that the address (*indirizzo*) of the website you're visiting starts with https.



UNIT 3

Exchange rates and international payments

REMITTANCES

FORMAL CHANNELS

Banks, Poste Italiane, authorised money transfer service providers

CONTROLS AND PROTECTION

Formal channels are subject to regulation and supervision

DISADVANTAGES

It is not always easy to understand how much the money transfer service actually costs

IN THE EVENT OF FRAUD

There are customer protection instruments: you can complain to the intermediary or to the Bank of Italy, or contact alternative dispute resolution (ABF, ADR) or the judiciary authorities

INFORMAL CHANNELS

Relatives, friends, unauthorised persons

CONTROLS AND PROTECTION

Informal channels may not comply with the agreements made and are not subject to supervision

DISADVANTAGES

There is no certainty about the times and costs of the service and your money could be stolen or forfeited

IN THE EVENT OF FRAUD

There are no customer protection instruments. You can only report the fraud to the judiciary authorities



KEY TERMS

Costs of remittances (*costo delle rimesse*): the total cost is the difference between the amount (*somma, ammontare*) paid and the amount received. The cost of a remittance is the fee (*commissione*) paid to the operator, the difference between the official exchange rate (*tasso di cambio ufficiale*) and that applied by the operator, plus the fee paid to the operator of the country of destination.

Cross-border remittances (*rimesse estere*): cross-border money transfers made by migrant workers to their relatives in their home countries. The sender doesn't necessarily need to open an account.

Formal channels (*canali formali*): operators, services and instruments for transferring money abroad in the safest way because they're authorised (*autorizzati*) and supervised (*vigilati*) by the competent authorities (*autorità competenti*). The services and products are regulated by law. The Bank of Italy authorises the operators (*operatori*) and provides customer (*cliente/consumatore*) protection (*tutela*). In Italy, banks, Poste Italiane and authorised money transfer service providers are formal channels.

Informal Channels (*canali informali*): operators, services and instruments to transfer money abroad that aren't authorised or supervised by the competent authorities and that don't provide customers with protection. They may be friends, relatives or intermediaries and online instruments that aren't authorised by the competent authorities.

International exchange rates (*tassi di cambio internazionali*): the prices at which one currency is exchanged with that of another country. In Italy, exchange rates show the amount of foreign currency (*valuta estera*) you'd get in exchange for one euro.

International credit transfer (*bonifico internazionale*): a credit transfer to a current account outside the Single Euro Payments Area (SEPA). For international credit transfers, you need to check the costs carefully.

International remittances protection instruments (*strumenti di tutela delle rimesse internazionali*): instruments to remedy situations where the money sent has not been received at all or only in part. If you use formal channels to send money, you can file a claim (*reclamo*) with the intermediary or the ADR ABF (*Arbitro Bancario Finanziario*) or with the Bank of Italy (*esposto*) before turning to the law courts. If you use informal channels, the only thing you can do is report it to the Police.

Money transfer operators (*operatori di money transfer*): payment services providers dealing with remittances; they transfer money even to people who do not have a bank account. Western Union and MoneyGram are the most well-known. Poste Italiane and banks are also money transfer operators. Poste italiane sends money via a '*vaglia internazionale*'. Banks send money outside the Single Euro Payment Area by means of an international credit transfer from the sender's current account.

Vaglia internazionale (international money order): an instrument provided by Poste Italiane to send money abroad. The receiver doesn't need to have a current account.

SOME TIPS FOR SENDING MONEY ABROAD WITHOUT SPENDING A FORTUNE



To compare operators and choose the cheapest ones, go to: remittanceprices.worldbank.org

There you can select your country of interest and find a table similar to the following:

Firm	Payment instrument	Access point	Sending network coverage	Transfer speed	Receiving method	Disbursing network coverage	Fee	Exchange rate margin (%)	Total cost (%)	Total cost (EUR)
Western Union		Internet	High			High	0.00	-0.06	-0.06	-0.08
MoneyGram		Internet	High			High	0.00	0.25	0.25	0.35
TapTap Send		Internet	High			High	0.00	0.74	0.74	1.04

List of operators, i.e. the money transfer service providers

Internet, Local agency, Bank office

The time it takes your money to reach its destination (one hour, one day, two days...)

The size of the operator's network in the destination country

Exchange rate spread

Payment card
Current account
Cash

The size of the operator's network in Italy

Payment card, Current account, Partner bank,...)

Fee charged

Total costs expressed in percentage

Total cost in euros

		Less than one hour		Bank account
		Same day		Cash
		Next day		Mobile wallet
		2 days		
		3-5 days		
		6 days or more		



IT IS IMPORTANT TO REMEMBER THAT...

Money transfer channels have advantages and disadvantages. Before you send any money, get all the necessary information to:

- choose an authorised service provider;
- be aware of costs, times and the number of branches in the country of origin;
- in the event of problems, file a complaint with the intermediary, the Bank of Italy or the *Arbitro Bancario Finanziario* (ABF) if you've chosen an authorised service provider, otherwise report it to the Police

HOW TO FIND THE OFFICIAL EXCHANGE RATES OF THE MOST COMMON CURRENCIES (*VALUTE*)



To find out the latest euro foreign exchange reference rates, go to:

<https://www.bancaditalia.it/compitilooperazioni-cambilcambilindex.html?com.dotmarketing.htmlpage.language=1>

Here's an example: the table shows the daily exchange rate, that is the amount of foreign currency given for 1 euro, for the most commonly exchanged currencies.

Exchange rates	
US dollar	1.0730
Japanese yen	168.46
Bulgarian lev	1.9558
Czech koruna	24.706
Danish krone	7.4584
Pound sterling	0.84198
Hungarian forint	394.63
Polish zloty	4.3413
New Romanian leu	4.9768
Swedish krona	11.2467

IT IS IMPORTANT TO REMEMBER THAT...

Remittances have a cost. The total cost is the difference between the amount paid and the amount received. It is usually made up of these three different 'prices' applied by service providers:

- the fee charged by the Italian operator for sending the money abroad;
- the fee charged by the operator receiving the money abroad;
- the difference between the official exchange rate and the exchange rate applied by the operator sending the money (spread).



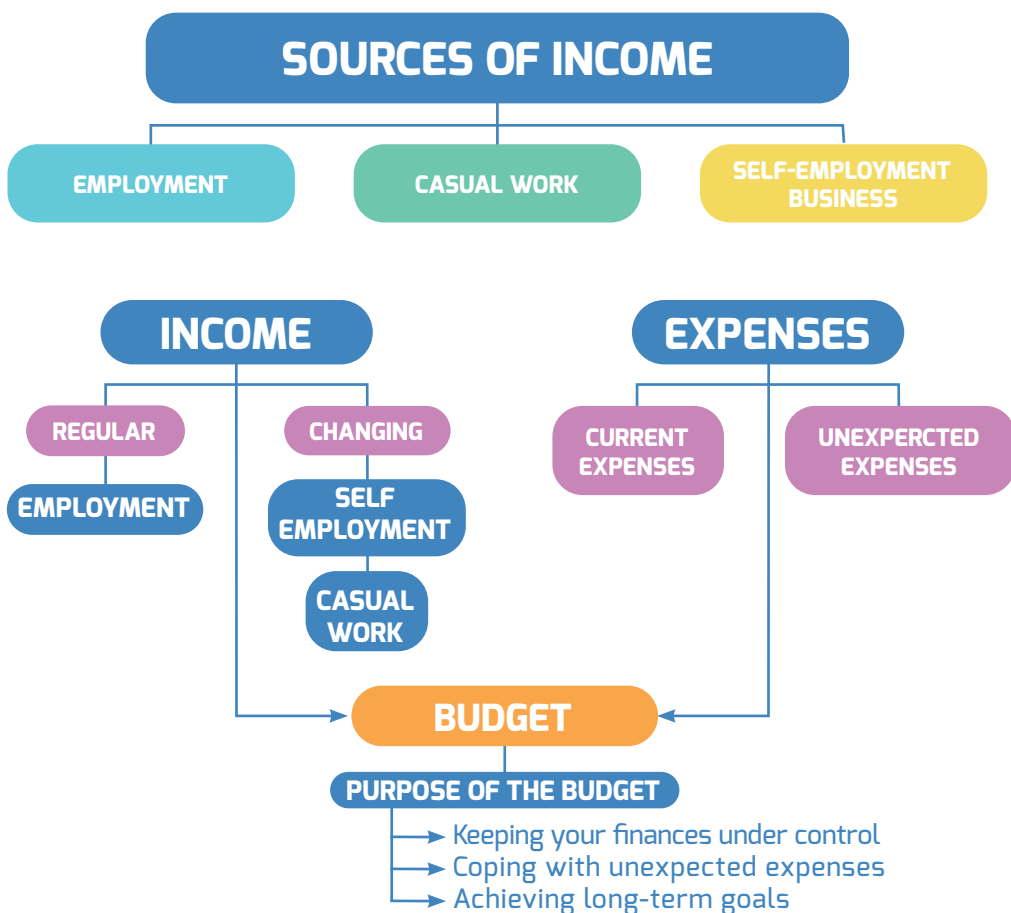
You can use the **Remittance cost calculator** to calculate the costs:

<https://economiepertutti.bancaditalia.it/calcolatori/remittance-cost-calculator/?com.dotmarketing.htmlpage.language=3>



UNIT 4

Household budgeting and planning





KEY TERMS

Budget: a plan for managing revenues (*entrate*) and expenses (*uscite/spese*).

Casual work (*lavoro occasionale*): employment based on temporary, intermittent or on-call work contracts.

Employment (*lavoro dipendente*): regular paid work for a public or private employer (*datore di lavoro*) based on a contract.

Firm (*impresa*): a business (*attività*) that uses capital and labour to provide goods (*beni*) or services (*servizi*) on the market (*sul mercato*).

Personal or household budget (*bilancio personale o familiare*): a personal or household (*famiglia*) budget records the expenses (*uscite/spese*) and revenues (*entrate*) expected over a certain period of time. Financial planning (*pianificazione finanziaria*) is vital, especially for people who don't have a regular income (*reddito stabile*).

Public goods and services (*beni e servizi pubblici*): Public goods and services are for everyone in a society. They include, for example, parks, public healthcare (*sanità pubblica*) and street lighting (*illuminazione stradale*). They are provided by governments and paid for by taxation.

Self-employment (*lavoro autonomo*): working independently to produce and sell products or services without being an employee of the customer.

Tributi: is a comprehensive word for taxes that includes: '*imposte*' ('IRPEF' income tax) paid to fund public spending; '*tasse*' (fees) paid in exchange for a service (for example, rubbish collection and disposal); and '*contributi*' (social insurance tax).

Unregistered work (*lavoro irregolare* or "*in nero*"): working without having a contract. This means that the worker's rights are not guaranteed. In Italy, unregistered work is illegal.



IT IS IMPORTANT TO REMEMBER THAT...

It is useful to keep a record of all revenues and expenses. Here are some tips:

- Consider all expenses, including recurring financial commitments such as mortgage instalments (*rate del mutuo*) or rental payments;
- Divide your record into expense categories;
- Keep the expenses record updated and keep your receipts (*ricevute/scontrini*);
- Fix a date to update revenues and expenses;
- Don't forget to keep a record of small but frequent expenses (such as cigarettes, snacks, etc.) and check how much they weigh on your budget (you can stop recording them if they account for less than 1 per cent of your spending).

TIPS FOR PERSONAL AND HOUSEHOLD BUDGETS

To help you manage your incomings and outgoings you can put them in the following categories:

- **Revenues**

- Income
- Pension
- Other

- **Expenses**

- Household spending (utilities, rentals or mortgage instalments, building maintenance charges, rubbish collection, etc.);
- Financial services (car insurance...);
- Food
- Personal expenses → clothes, cosmetics...
- Leisure → books, newspapers, films, holidays...
- Transport and motor vehicles → bus pass, train tickets, fuel for motor vehicles...
- Other spending on children → games, toys, babysitters, school or university fees...

There are various digital instruments that you can use for your budget, for example the Bank of Italy's budget calculator:



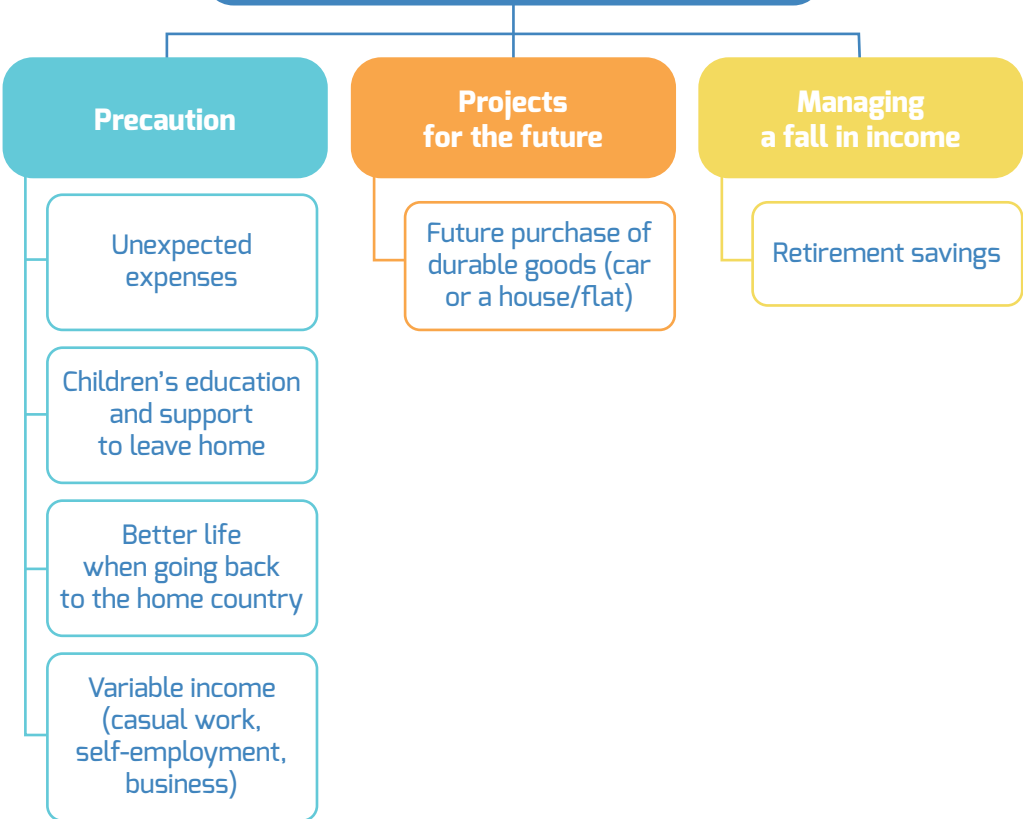
<https://economiepertutti.bancaditalia.it/calcolatori/budget-calculator/?com.dotmarketing.htmlpage.language=3>



UNIT 5

The importance of saving

REASONS FOR SAVING





KEY TERMS

Consumption (*consumo*): the income spent on goods and services by households.

Emergency fund (*fondo emergenze*): the money saved every month to deal with any unexpected expenses or needs.

Inflation (*inflazione*): an increase in general price levels for goods and services. Inflation is when prices go up across the board, not just for a few items. This means that we can buy less today than we could in the past for the same money. In other words, inflation reduces the value of money over time. This has effects on our savings and on our ability to keep saving.

Planning the purchase of durable goods (*beni durevoli*): saving money to buy durable goods.

Precautionary saving (*risparmiare per precauzione*): saving money for unexpected expenses (*spese impreviste*) and for bargain opportunities in the future.

Protection against income variability (*tutelarsi dalle variazioni di reddito*): saving money to deal with irregular flows of income and expenses and to maintain your standard of living (*tenore di vita*).

Reasons for saving (*perché risparmiare/finalità del risparmio*): reasons that make you decide not to spend part of your income and to not instantly satisfy your needs or wants.

Saving (*risparmio*): the part of income not spent and saved for future needs.



DIFFERENCES

Differences between the various reasons for saving

REASONS FOR SAVING

- Precaution
- Future projects
- Protection against reduced income

PURPOSES

- Dealing with unexpected expenses
- Buying expensive goods, retirement savings, children's education, setting up a better life back in the country of origin
- Dealing with any change in income and expenses

WHAT TO DO

- Create an emergency fund
- Save enough money regularly to achieve your aim
- Planning and budgeting



IT IS IMPORTANT TO REMEMBER THAT...

If you want to save and have no worries:

- be careful and be able to distinguish between necessary and unnecessary expenses;
- learn to calculate how much money you have to save to achieve your objectives;
- save money to create an emergency fund;
- don't forget that inflation reduces the value of your savings.

SOME TIPS FOR CALCULATING THE CHANGE IN THE PRICE OF A PRODUCT

$$\frac{(\text{price of the product in year } x+1) - (\text{price of the product in year } x)}{(\text{price of the product in year } x)} \times 100$$



For more information, go to:

https://www.ecb.europa.eu/ecb-and-you/explainers/tell-me-more/html/what_is_inflation.en.html



to find out the official inflation rate, go to:

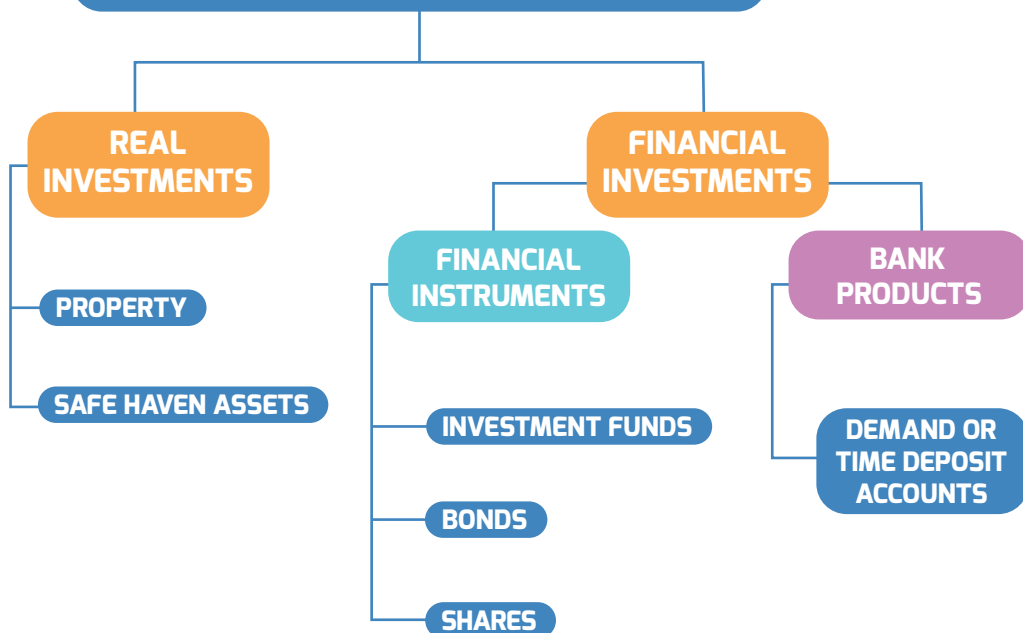
www.istat.it/it/prezzi



UNIT 6

Investing your savings: the return

INVESTING YOUR SAVINGS





KEY TERMS

Bank products (*prodotti bancari*): instruments for investing your savings with your bank; they include savings accounts and bonds.

Capital gain (*guadagno in conto capitale*): when you sell an asset for more than what you originally paid for it you have a capital gain.

Compound interest (*interesse composto*): compound interest is the calculation of the interest on interest that has already accrued on a sum of money that is owed. The interest is added to the sum of money owed, which in turn produces more interest.

Dividends (*dividendi*): what people who own shares earn.

Financial instruments (*strumenti finanziari*): forms of savings investment such as shares, bonds and investment funds.

Financial investment (*investimento finanziario*): what savers can make to increase their capital over time.

Investment return (*rendimento di un investimento*): capital gains plus interest (or dividends).

Nominal interest rate (*tasso di interesse nominale*): the percentage actually applied to savings to calculate the interest earned.

Real interest rate (*tasso d'interesse reale*): the result obtained by subtracting the inflation rate from the nominal interest rate.

Simple interest (*interesse semplice*): simple interest is always paid on the same amount (initial capital). It is calculated multiplying the initial capital by the interest rate and by how long the investment lasts.



DIFFERENCES

Differences between nominal interest and real interest

NOMINAL INTEREST RATE

REAL INTEREST RATE

PURPOSE

- For calculating total interest based on the financial instrument percentage
- For calculating the actual return based on the inflation rate

CALCULATION

- Apply the percentage to the invested capital to obtain the interest amount
- Subtract the inflation rate from the nominal interest rate



DIFFERENCES

between simple interest and compound interest

SIMPLE INTEREST

COMPOUND INTEREST

PURPOSE

- For calculating the return on an investment in bonds whose coupons are paid and collected at regular intervals
- For calculating the return on a longer-term investment, on which interest isn't paid but is regularly added to the capital

CALCULATION

- Multiply the initial capital by the interest rate and by how long the investment is for (the number of coupons paid and collected)
- Add interest to the capital that gradually grows over time. The final amount is equal to the initial capital plus the interest accrued over time

SOME TIPS: CALCULATING THE INTEREST RATE



To calculate the interest on your investments, use the investment calculator:

<https://economiepertutti.bancaditalia.it/calcolatori/interest-rate-calculator/?com.dotmarketing.htmlpage.language=3>



For more information, go to:

<https://www.quellocheconta.gov.it/>



UNIT 7

Investing your savings: bank products

BANK PRODUCTS

CURRENT ACCOUNT

**DEMAND DEPOSIT
ACCOUNT**

**TIME DEPOSIT
ACCOUNT**

**BONDS ISSUED
BY THE BANK**



KEY TERMS

Banking intermediation (*intermediazione bancaria*): banks are intermediaries. They collect savings from the general public and grant credit; in other words, they collect money and lend it to households and firms.

Bonds (*obbligazioni*): bonds are a financial instrument that your bank issues, like other corporations and government entities do. When you buy a bond issued by your bank, you're lending money to your bank, which will pay you interest at preset intervals until the bond reaches maturity (expires – *alla scadenza*). This is when you get your money (principal – *capitale*) back.

Current account (*conto corrente*): a bank product for managing your money.

Interbank Fund (*Fondo interbancario*): Bank deposits are protected by deposit guarantee schemes: the *Fondo interbancario di tutela dei depositi - FITD* (Interbank Deposit Protection Fund) and the *Fondo di garanzia dei depositanti del credito cooperativo FGDC* (Depositors' Guarantee Fund). Depositors are refunded (*rimborso dei depositi*) for up to €100,000 when a member bank fails.

Protection of bank deposits (*tutela dei depositi*): deposits are guaranteed for up to €100,000. The guarantee covers current accounts (*conti correnti*), unrestricted savings accounts (*depositi a risparmio liberi*) and time deposit accounts (*depositi a risparmio vincolati*). Bonds are not covered. The guarantee is only activated if the bank fails.

Savings account (*deposito a risparmio*): a savings instrument; the only operations available are paying in (*versare*) or withdrawing (*prelevare*) money. A savings account holder has a bankbook (*libretto*), where all the withdrawals and deposits are recorded. It may be unrestricted (*deposito a risparmio libero*) or have a pre-set date of maturity (end date) (*deposito a risparmio vincolato*) in the first case, you can pay in or withdraw money without restrictions; in the other, you can withdraw your money only when the date of maturity (*scadenza*) has arrived but the interest you receive is higher.



To learn more about a bank's function, go to:
<https://economiepertutti.bancaditalia.it/risparmiare/funzione-banca/index.html?com.dotmarketing.htmlpage.language=3>



To learn more about savings accounts, go to:
<https://economiepertutti.bancaditalia.it/risparmiare/deposito-a-risparmio/index.html?com.dotmarketing.htmlpage.language=3>



To learn more about intermediation, go to:
<https://economiepertutti.bancaditalia.it/informazioni-di-base/banca/index.html?com.dotmarketing.htmlpage.language=1> Italian only



To learn more about the protection of bank deposits, go to:
<https://economiepertutti.bancaditalia.it/risparmiare/fitd/index.html?com.dotmarketing.htmlpage.language=3>



DIFFERENCES

Bank products for investing your money

UNRESTRICTED SAVINGS ACCOUNT

TIME DEPOSIT ACCOUNT

CURRENT ACCOUNT

BONDS

Interest rate	<ul style="list-style-type: none">• Low	<ul style="list-style-type: none">• Slightly higher than that for an unrestricted savings account	<ul style="list-style-type: none">• Generally none or very low	<ul style="list-style-type: none">• Depending on maturity and type, usually higher compared with time deposits
Time restriction	<ul style="list-style-type: none">• None	<ul style="list-style-type: none">• From 1 to 36 months	<ul style="list-style-type: none">• None	<ul style="list-style-type: none">• Depending on maturity, which can be very long
Possible operations	<ul style="list-style-type: none">• Deposit and withdrawal	<ul style="list-style-type: none">• Deposit and withdrawal	<ul style="list-style-type: none">• Deposit, withdrawal, payment of utility bills and other payments on demand	<ul style="list-style-type: none">• Buying and selling
Associated instruments	<ul style="list-style-type: none">• Bankbook	<ul style="list-style-type: none">• Bankbook	<ul style="list-style-type: none">• Debit card, cheque book and others on demand	<ul style="list-style-type: none">• None
Money availability	<ul style="list-style-type: none">• At any time	<ul style="list-style-type: none">• When the deposit period expires. If money is withdrawn before the expiry date a penalty is applied	<ul style="list-style-type: none">• At any time	<ul style="list-style-type: none">• Bonds can be sold any time but in the event of a sale there is a risk of losing some returns. Otherwise, money is available at maturity
Other information	<ul style="list-style-type: none">• Minors can hold this type of savings account. Costs may vary from bank to bank	<ul style="list-style-type: none">• Minors can hold this type of savings account. Costs may vary from bank to bank	<ul style="list-style-type: none">• Some types of current accounts can have high costs. The 'conto corrente di base' has no costs	<ul style="list-style-type: none">• Negotiation costs

SOME TIPS: INTERBANK DEPOSIT PROTECTION FUND (FITD)

YOUR BANK DEPOSITS ARE GUARANTEED



If a bank fails, the **FITD** guarantees deposits up to €100,000 per depositor. The reimbursement doesn't create costs for depositors.

The FITD guarantees:

- current accounts
- savings accounts
- deposit certificates
- cashier's checks
- payment cards associated with an IBAN

The FITD doesn't guarantee:

- Shares, bonds, repurchase agreements issued by a bank under compulsory administrative liquidation

What is the FITD?

The FITD is a consortium established by Italian banks.

What is the maximum amount guaranteed?

The FITD guarantees deposits up to €100,000 per depositor. This limit is valid for each depositor, per individual bank (even if it's in the same banking group).

Is the interest on my deposits reimbursed?

Interest is guaranteed for up to €100,000. **EXAMPLE:** a depositor has a deposit amounting to €80,000. When the bank is liquidated, the depositor has €5,000 of interest and will receive €85,000.

What happens if I have more than one deposit with the same bank?

If a person holds more than one deposit with the same bank, the total amount is guaranteed up to €100,000.

What happens when there's more than one holder for the same deposit?

When there is a joint account, the balance is attributed to each co-holder in equal parts and the guarantee of maximum €100,000 applies to everyone. **EXAMPLE:** for a deposit of €100,000 in the name of two people, each holder will receive €50,000; for a deposit of €300,000, each holder will receive €100,000.

When are depositors refunded?

When the bank fails (it's subjected to administrative compulsory liquidation).

How long does it take to reimburse depositors?

Within seven working days of the date of the compulsory administrative liquidation order.

The depositor has no need to apply for a refund. The FITD proceeds directly with the refund via its own agent bank. Refunds don't cost anything for depositors.

For more information, visit:
www.fitd.it



UNIT 8

Investing your savings: financial instruments

INVESTMENT INSTRUMENTS

LOWER RISK LOWER RETURNS

GOVERNMENT BONDS

INVESTMENT FUNDS

SAFE HAVEN ASSETS

HIGHER RISK HIGHER RETURNS

CORPORATE BONDS

SHARES

PIR

CRYPTO-ASSETS



KEY TERMS

Bonds (*obbligazioni*): bonds are a financial instrument issued by banks, other corporations and government entities. When you buy a bond, you're lending money to the issuer, which will pay you interest (*cedola*) at preset intervals until the bond reaches maturity (expires – *alla scadenza*). This is when you get your money (principal – *capitale*) back.

Crypto-currency (*criptovalute*) or **crypto-assets** (*criptoattività*): completely digital assets created, stored and transferred by means of IT procedures. No public or private entity guaranties or ensures their value.

Government bonds (*titoli di Stato*): bonds issued by a state.

Investment funds (*fondi comuni di investimento*): savers who join a fund subscribe units (*quote*) representing shares in the fund's assets, which comprise all the savings entrusted (*conferiti*) to the professional manager. The value of the units varies over time depending on how the investments made by the fund perform.

Listing (*quotazione*): the market price (*prezzo di mercato*) of a security (*titolo*) share (*azione*), bond (*obbligazione*), foreign currency (*valuta estera*) or of other financial instruments. The listing normally occurs on regulated markets (Stock Exchange – *Borsa valori*).

Long-term individual savings plans (*piani individuali di risparmio a lungo termine* (*PIR*)): investments that have a tax advantage (*vantaggio fiscale*), if certain conditions are met and if the money is invested for at least five years. They can be subscribed (*sottoscritti*) by institutional investors (*investitori istituzionali*) or directly by savers (*risparmiatori*).

Safe haven assets (*beni rifugio*): physical assets (houses, jewellery, collections) of great value that normally maintain their value over time, which is why they are seen as a sure form of saving.

Shares (*azioni*): one share is the smallest unit into which the capital of a certain kind of company (known as a joint stock company) is divided (*quote di proprietà di società*). Shareholders receive money (dividends - *dividendi*) based on the company's performance. They don't normally expire and, in any case, their reimbursement is not guaranteed.

Volatility (*volatilità*): a measure of the change in the price of a financial asset over time. If a security has experienced 5% volatility over a given period, it means that, in that period, the value of the security differed by an average of 5% from its average price.



IT IS IMPORTANT TO REMEMBER THAT...

There are three types of **risk** associated with an investment:

- my debtor doesn't return my money, either partially or totally (credit risk - *rischio di credito*);
- when selling bonds or stocks, the current price (*prezzo corrente*) is lower, sometimes even significantly lower, than the purchase price (*prezzo di acquisto*), so I'll have a capital loss (*perdita in conto capitale*) (market risk - *rischio di mercato*);
- I can't sell my bonds or shares (liquidity risk - *rischio di liquidità*).

You can mitigate risks by:

- diversifying (*diversificare*);
- purchasing securities (*titoli*) from companies that carry out complementary activities (for example producing umbrellas and swimming costumes);
- remembering that higher returns are associated with greater risks.

TIPS FOR INVESTMENTS

To learn more about investing in financial instruments and get some advice, go to:



<https://www.quellocheconta.gov.it/it/cosa-conta-per-te/sapere/> (Italian only)



<https://economiepertutti.bancaditalia.it/investire/index.html?com.dotmarketing.htmlpage.language=3>

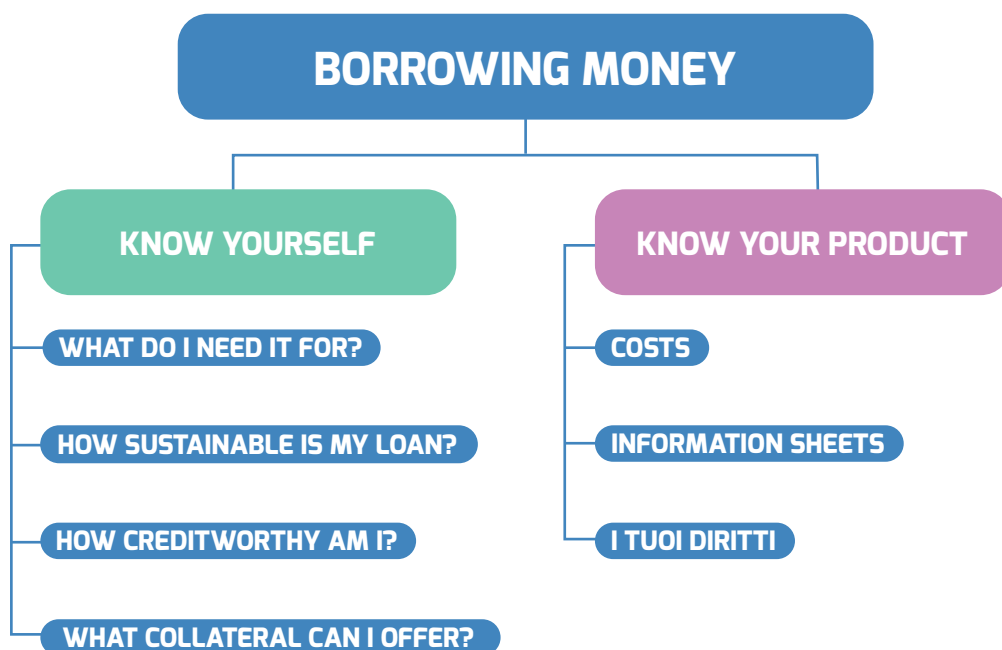


<https://www.consob.it/web/investor-education/home> (Italian only)



UNIT 9

Borrowing Money: What to Consider



DIFFERENCE BETWEEN TAN AND TAEG

TAN	→ Nominal Annual Interest Rate (<i>Tasso Annuo Nominale</i>)	This is the pure interest rate
TAEG	→ Annual Percentage Rate (APR) (<i>Tasso Annuo Effettivo Globale</i>)	APR (TAEG) takes account of both the interest rate applied and any additional costs



KEY TERMS

APR: Annual Percentage Rate (*TAEG, Tasso annuo effettivo globale*): that is used to understand the total cost of a loan (*costo totale di un finanziamento*). It is made up of: the Nominal Annual Rate for the loan, expenses for the loan processing (*spese per l'istruttoria*), collection of the instalments (*incasso delle rate*), compensation for the intermediary (*compenso dell'intermediario*) and the costs of any insurance policy (*polizza assicurativa*). In other words, it is the Nominal Annual Rate plus other fees and charges (*spese accessorie*).

Cost of loans (*costo dei prestiti*): includes various items: 1) interest (*interessi*); 2) insurance, if required (*eventuale assicurazione*); and 3) other costs, such as management fees (*spese di gestione*) and so on.

Central Credit Register (*Centrale dei Rischi*): an information archive that records the debts (*debiti*) of all customers. It contains information such as whether customers make regular payments (*pagamento regolare delle rate*) or have any serious difficulties in repaying their debts (*difficoltà a restituire il debito*).

Creditworthiness (*merito creditizio*): the ability to repay, at set intervals (*alle scadenze stabilite*), the amount borrowed.

Debt sustainability (*sostenibilità del debito*): a debt is sustainable when the debtor is capable of repaying the instalments by the agreed deadlines.

Collateral/Guarantees (*garanzie*): the bank asks for collateral/guarantees to be sure that customers will repay the loan. The collateral/guarantees that a customer can offer to the bank when asking for a loan can be real (for example the house you're buying with a mortgage) or personal (a person who will pay if you can't).

Loan application (*domanda di prestito*): asking for a loan from a bank or other intermediary.

Nominal Annual Rate (*TAN, Tasso annuo nominale*): this is the pure or unadjusted interest rate.

Transparency documents (*documentazione di trasparenza*): documents that the customer has the right to receive before signing the loan contract: 1) the information sheet with general information; 2) the document containing the specific conditions offered to the customer (the PIES (*Prospetto Informativo Europeo Standardizzato* – Standard European Information), for a mortgage loan, or the SECCI (Standard European Consumer Credit Information), for consumer credit); and 3) the Guides published by the Bank of Italy.



To find out about your credit history, go to
<https://www.bancaditalia.it/servizi-cittadinol/servizi/accesso-cr/index.html?com.dotmarketing.htmlpage.language=1>



To learn more about the Central Credit Register, go to
https://www.bancaditalia.it/pubblicazioni/guide-bi/guida-centrale/CENTRALE-DEI-RISCHI_ENG.pdf

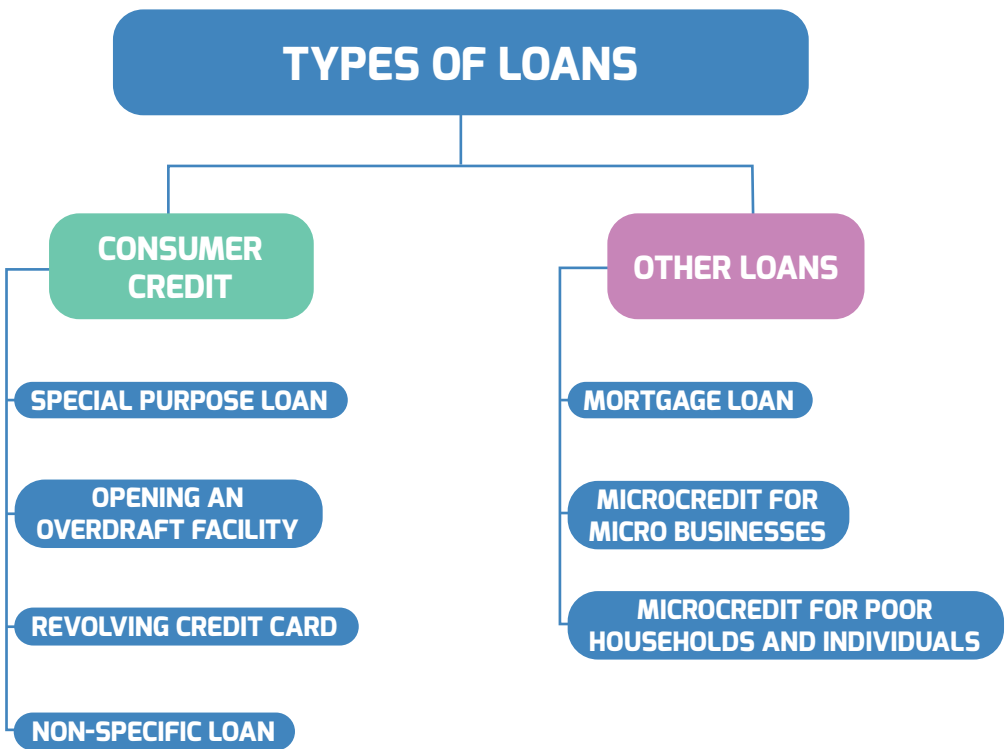


<https://economiepertutti.bancaditalia.it/glossario/?com.dotmarketing.htmlpage.language=3&letter=C&word=centralcreditregisterc>



UNIT 10

Requesting a Loan: different Types of Loans





KEY TERMS

Consumer credit: (*credito ai consumatori*): a loan of between €200 and €75,000 to buy goods or services such as a car or to have liquidity (*liquidità*) (money to spend in the short term).

Microcredit for micro businesses (*microcredito imprenditoriale*): a financial instrument to provide credit to people who can't be granted credit by banks to start up or develop a microenterprise or to be self-employed (*lavoro autonomo*).

Microcredit for poor households and individuals (*microcredito sociale*): a loan granted at very favourable conditions to people in economic or social difficulties.

Mortgage loan (*mutuo ipotecario*): a mortgage loan is a medium- to long-term loan, to buy, build or renovate a building, particularly residential property. A mortgage loan is secured by a lien on a property: if you can't pay back the amount borrowed, the lender (bank or other authorised intermediary) becomes the owner of the property.

Non-specific loan (*prestito non finalizzato*): there are two ways to receive a non-specific loan:

- Personal loan (*prestito personale*): when you need money to spend in the short term (liquidity). The amount is paid back in instalments.
- Loans against one fifth of your salary or pension (*cessione del quinto dello stipendio o della pensione*): employees (public and private) and retired people pay back the loans received by using up to one fifth of their salary or pension.

Opening an overdraft facility (*apertura di credito in conto corrente*): a bank agrees to make a fixed maximum amount available on a client's current account (*fido*). This type of loan is more expensive than others.

Revolving credit card (*carta di credito revolving*): the money spent with this card is paid back in instalments (*restituito a rate*) in the following months with interest at a rate that is usually high.

Special purpose loan (*prestito finalizzato*): a loan for the purchase of a particular good or service, to be paid back in instalments. A consumer can get this type of loan directly from a seller.



To learn more about careful borrowing, go to <https://economiepertutti.bancaditalia.it/video/economia-per-tutte/video-1645524788597?com.dotmarketing.htmlpage.language=1> (Italian only)



To learn more about mortgage loans, go to: https://www.bancaditalia.it/pubblicazioni/guide-bi/guida-mutuo/Bank-of-Italy-Guides_Buying-a-home_Mortgages-made-easy.pdf



To learn more about access to microcredit, go to: <https://www.microcredito.gov.it/finanziamenti.html> (Italian only)



DIFFERENCES

Types of loans granted by a bank

TYPE OF LOAN

Mortgage loan

Consumer credit

Microcredit

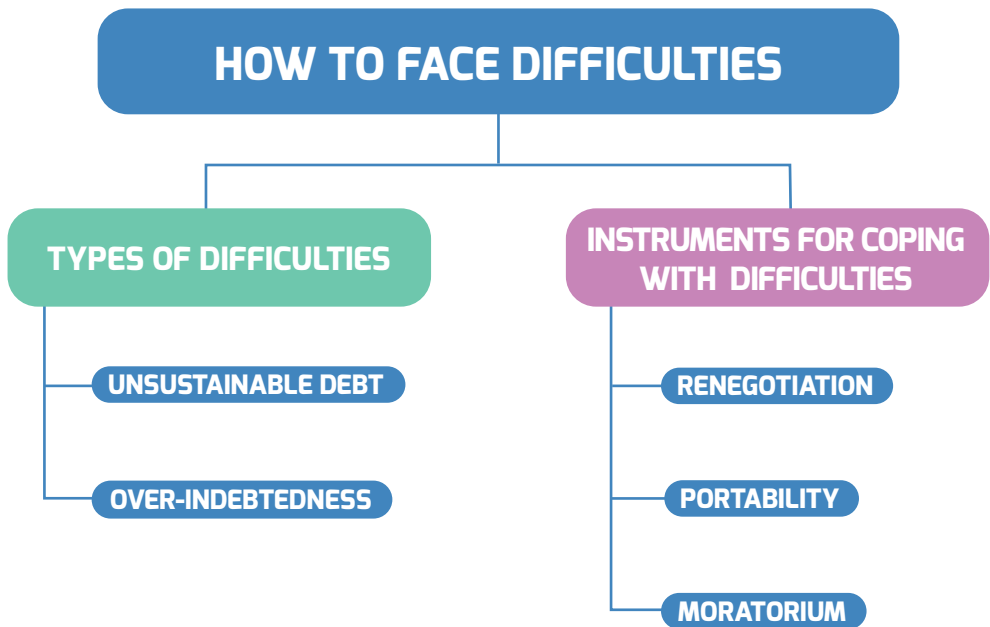
MAIN CHARACTERISTICS

- A medium/long term loan secured by a property (house)
- A loan of between €200 and €75,000 to buy goods or services (car, appliances, language courses...) or to cope with situations when you need liquidity (money you can spend immediately)
- A small loan for people who have difficulties in getting a loan from a bank. It may be used to support a microenterprise or to manage hardship



UNIT 11

Managing a loan: how to face difficulties





KEY TERMS

Authorised and supervised financial intermediaries (*intermediari finanziari autorizzati e vigilati*): banks, payment institutes, financial institutes and microcredit operators registered on public lists (*iscritti in elenchi pubblici*) and carrying out banking and financial activities under the supervision of the Bank of Italy.

Loan agreement renegotiation (*rinegoziazione del debito*): asking the lender (bank or authorised financial intermediary) to change the loan agreement (*condizioni del contratto*) to reduce the amount of the instalments. For example, the bank may change the length (*durata*) or the interest rate (*tasso d'interesse*) of the loan.

Moratorium (*moratoria*): a period of delay (*sospensione* or *proroga*) in the payment of a debt. It has a cost: the borrower normally has to pay interests for the period of delay (*interessi in più che maturano nel periodo di sospensione*).

Mortgage portability (*surroga/portabilità del mutuo*): an operation that enables the borrower to extinguish the mortgage (*estinguere il mutuo*) by signing a new loan (*aprire/accendere un nuovo mutuo*) agreement with another lender for an amount (*importo*) equal to the outstanding mortgage. The settlement of the old loan and granting of the new loan are entirely free of charge.

Over-indebtedness (*sovraindebitamento*): when a person is in serious financial difficulties and can't pay debts for the next 12 months. The Italian law provides for specific support programmes (*specifici programmi di sostegno*).

Sustainable debt (*debito sostenibile*): when a borrower (*debitore*) is able to pay instalments (*rate*) within the terms agreed (*alle scadenze concordate*).

Unsustainable debt (*debito non sostenibile*): a situation where a borrower can't pay the instalments regularly due to insufficient income (*entrate insufficienti*).

Usury (*usura*): the crime committed by those who lend money at interest rates higher (*praticare tassi d'interesse superiori*) than the threshold (*soglia*) established by law (*stabilita dalla legge*).



DIFFERENCES

Sustainable debt – unsustainable debt

SUSTAINABLE DEBT

- This is a financial situation where there is a balance between total spending (including debts) and personal income
- If some debts become too expensive, you can renegotiate your debt and change some conditions (term and interest rate)
- If you have a mortgage, you can transfer the loan to another lender who offers better conditions at any time. You can pay off the mortgage using the sum granted by the new lender and transferring the original lien. The amount will be repaid on the terms and conditions agreed with the new lender

UNSUSTAINABLE DEBT

- This is a situation where a debtor is unable to fulfil their own obligations, i.e. is unable to pay instalments regularly, because they don't have sufficient income. In this case, if provided for by law or a contract, they can suspend payment of instalments for a given period (debt moratorium)
- If a person has too many debts and can't pay the instalments using their assets (crisis caused by over-indebtedness), they can resort to specific procedures: restructuring the debt or liquidating the loan by selling all the assets they own (*liquidazione del patrimonio*)
- If you are in a situation of unsustainable debt and over-indebtedness, never ask unauthorised parties for loans: they could charge usurious rates. Usury is when loans are made under particularly harsh conditions; in this case you can ask anti-usury foundations for help



For advice on borrowing, go to:

<https://economiepertutti.bancaditalia.it/notizie/il-prestito-unopportunit-da-non-sprecare/?com.dotmarketing.htmlpage.language=1> (only in Italian)



IT IS IMPORTANT TO REMEMBER THAT...

To reduce the risk of over-indebtedness, you need to consider whether your debt is sustainable by carefully planning your finances.

If you are having difficulty paying the instalments, contact the intermediary to consider, for example, a renegotiation or a moratorium, which is a temporary suspension of instalment payments.

If the situation becomes more serious, the law provides for specific procedures. In this case it is advisable to contact an organisation for the settlement of over-indebtedness crises (OCC in Italian).

Never turn to unauthorised intermediaries: you could fall victim to usury.

PRACTICAL ADVICE FOR AVOIDING USURY:



For information on Average Overall Effective Rates, go to <https://www.bancaditalia.it/compiti/vigilanza/compiti-vigilanza/tegm/index.html?com.dotmarketing.htmlpage.language=1>

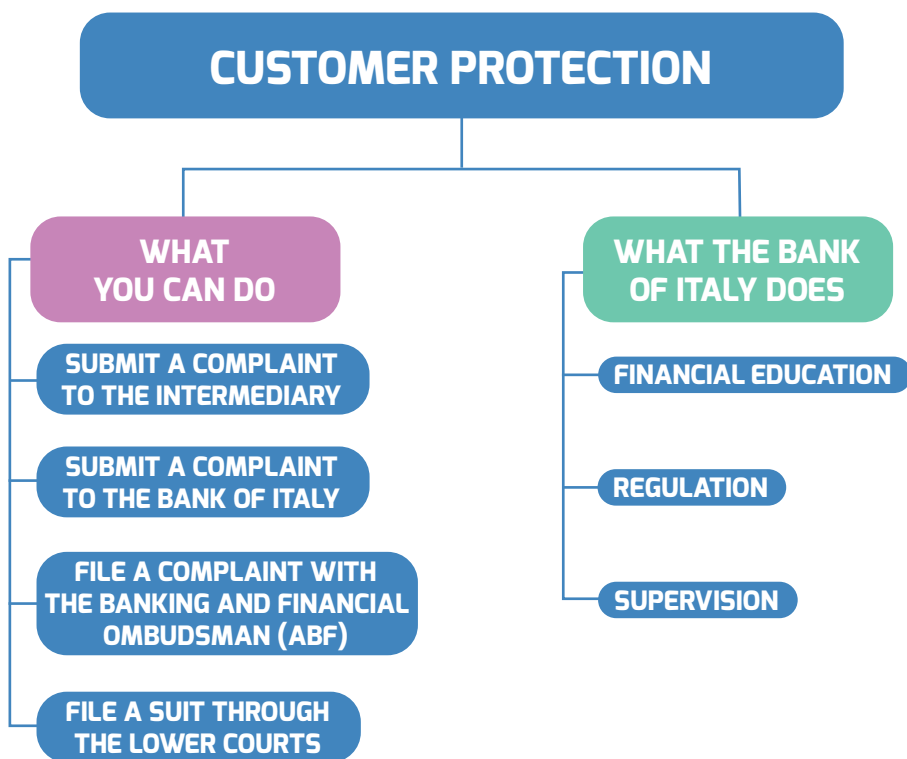


For information on anti-usury foundations, go to <https://www.interno.gov.it/it/associazioni-antiracket-fondazioni-antiusura> (Italian only)



UNIT 12

Customer protection and financial education





KEY TERMS

Appeal to the Banking and Financial Ombudsman (*ricorso all'Arbitro Bancario Finanziario - ABF*): the Banking and Financial Ombudsman (ABF / ADR) is an out-of-court settlement scheme for disputes between customers (*clienti*) and banks and other financial intermediaries, concerning banking and financial services, including payment services. Contacting the ABF is simple, quick and cheap. Claims submitted to the ABF are managed quickly and cost €20, if they fall within its competence.

Appeal to the lower courts (*ricorso al giudice ordinario*): if customers aren't satisfied with the ABF, they can decide to file a suit through the lower courts. Warning: you can't do the opposite. If a customer goes directly to the lower courts, they can no longer turn to the Bank of Italy or the ABF for dispute resolution (*conciliazione*).

Complaint to the Bank of Italy (*esposto alla Banca d'Italia*): it is possible to contact the Bank of Italy even without having filed a complaint (*presentare un reclamo*) with the intermediary. Once the Bank has received a complaint, it contacts the intermediary and asks them to respond quickly and promptly to the customer (*cliente*). It then analyses what the customer has reported, but it can't intervene directly in the relationship between customer and intermediary.

Filing a complaint with an intermediary (*reclamo all'intermediario*): every bank (and every financial intermediary) must have a Complaints Office (*Ufficio reclami*); besides, the website should indicate the person responsible (*il responsabile*) for the office and the instructions for filing a complaint. The reply must reach the customer within 15 days (*entro 15 giorni*) if the issue concerns payment services, and within 60 days in other cases.

Protection by the Bank of Italy (*tutela di Banca d'Italia*): the Bank of Italy protects the customers of banking and financial intermediaries in several ways:

- taking care of writing and updating the regulations on banking and financial customer protection;
- checking whether intermediaries comply with the regulations and behave correctly;
- promoting transparency;
- ensuring the availability of protection tools (*disponibilità di strumenti di tutela*);
- organising various financial education initiatives to improve people's economic and financial knowledge (*iniziative di educazione finanziaria*).

Protection instruments (*strumenti di tutela*): tools that help a customer who has a problem with a bank or financial intermediary. A customer can contact: a bank's Complaints Office, the Banking and Financial Ombudsman (*Arbitro Bancario Finanziario - ABF*), the Bank of Italy and the lower courts.



To learn more about customer protection, go to <https://economiepertutti.bancaditalia.it/pianificare/strumenti-tutela/index.html?com.dotmarketing.htmlpage.language=3>



To appeal to the Banking and Financial Ombudsman (ABF) go to <https://www.arbitrobancariofinanziario.it/homepagelindex.html?com.dotmarketing.htmlpage.language=3>



To file a complaint with the Bank of Italy, go to <https://www.bancaditalia.it/servizi-cittadino/servizi/espostilindex.html?com.dotmarketing.htmlpage.language=1>

Have you got a problem with a bank or financial intermediary?

CALL THEIR COMPLAINTS OFFICE, WHICH MUST REPLY IN 60 DAYS
(15 days if it is a payment services complaint)

Are you dissatisfied with the reply or have you not received a reply?

FIND OUT HERE WHAT YOU CAN STILL DO

YOU CAN FILE A COMPLAINT WITH THE BANKING AND FINANCIAL OMBUDSMAN



The Banking and Financial Ombudsman (ABF) responds quickly

- It's another channel for protection opportunity in addition to the lower courts
- The procedure is in written form (*in forma scritta*)
- You don't need a lawyer (*avvocato*)
- It only costs €20, which is refunded (*restituiti*) if the decision is in your favour
- Just use the online Arbitrobancariofinanziario.it portal
- If the bank or the financial intermediary doesn't comply with the decisions of the ABF, the default is made public

YOU CAN FILE A SUIT THROUGH THE LOWER COURTS



The lower courts issue a binding decision on your case

- After a decision by the Banking and Financial Ombudsman (ABF), you can always appeal to the lower courts
- Having already tried to solve the problem through the ABF is an advantage if you turn to the lower courts
- Only the lower courts intervene with a definitive decision on disputes between banks or financial intermediaries and customers
- The lower courts verify the facts and establish who is responsible for what

YOU CAN SEND A COMPLAINT TO THE BANK OF ITALY



The Bank of Italy asks the bank or financial company to examine your issue

- You can always send a complaint to the Bank of Italy
- No need for a lawyer
- Just use the 'Online services' section on bancaditalia.it
- The Bank of Italy sends a copy of the complaint to the bank or to the financial intermediary and asks them to reply to the customer quickly

THERE ARE LOTS OF OTHER RESOURCES AVAILABLE...

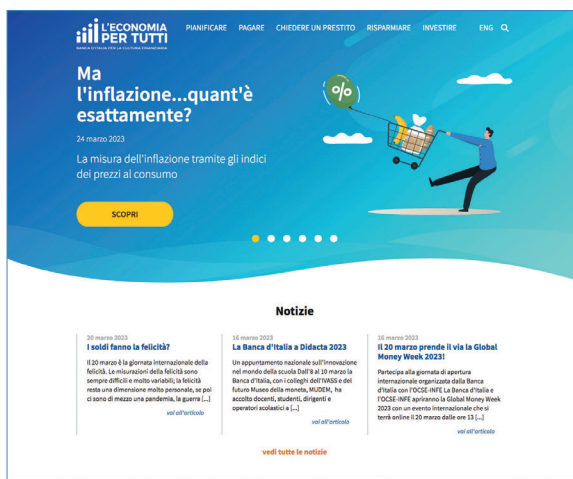
You can learn more about the topics covered in this booklet by visiting <https://economiepertutti.bancaditalia.it/>

There you can find all the information you need to find your way in situations where you have to manage your money (Planning, Paying, Asking for a loan, Saving and Investing), learn about customer protection tools and learn to better understand the language of economics.

You will also find news and insights there, many of them about sustainable finance, plus multimedia training courses, educational videos and entertainment, interviews, calculators, games and quizzes.



L'Economia per tutti (Economics for everyone) is the ideal tool to accompany students who use *Tu e l'economia* (You and Economics) to acquire basic financial education concepts and skills so they can make informed decisions adapted to their financial resources and needs. Financial education also contributes to improving individual and collective well-being and to extending economic, financial and social inclusion to everyone.



YOU CAN VISIT:

<https://www.bancaditalia.it/compiti/tutela-educazione/index.html?com.dotmarketing.htmlpage.language=1>

www.quellocheconta.gov.it/it/chi-siamo/comitato/

You can also write to: economiepertutti@bancaditalia.it

YOU AND ECONOMICS

FINANCIAL EDUCATION FOR ADULTS

How do you open a bank account?

How do you keep your family budget under control?

Why is it important to save?

How much does it cost to send money abroad and what are the safest channels?

It's never too late for these questions.

You and Economics is an interactive educational package composed of an app, a student booklet and a teacher's guide that addresses the most important topics of personal finance in a simple and concrete way.

Knowing how to manage money wisely helps us achieve our life goals and feel more confident.

FREE