Understanding Australian money and banking

Learner guide

Working with numbers

Pre-employment skills

Understanding Australian money and banking

Version 1.1

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Contents

Australian money

Countries of the world use different currencies (types of money). Australia uses dollars and cents, but other countries have different names for their money.

For example, England uses pounds (for dollars) and pence (for cents), and Japan uses yen (for dollars) and en (for cents).

Currency is the money being used in a country.

These days, almost all countries have decimal currency. This means the currency is based on the number 100. So there are 100 cents in every dollar, or 100 pence in every pound.

Australia changed to using decimal currency in 1966. Before this time, we also used pounds, shillings and pence.

For more information about decimal numbers, refer to Aspire's learner guide *Fractions, percentages, decimals – basic*.

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Story

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Winny's mother was given a penny with the year of her birth on it. Winny asked her mother about the penny, which is large and made of copper. 'A penny used to be called a copper,' her mother says. Winny is interested to know why we don't have pennies or single cents now.

The symbol for Australian dollars is $.

The symbol for cents is c.

Australian coins

Have you ever been asked for a 'gold coin donation' for charity? Our gold coins are the $1 and $2 coins. We use both gold and silver coins. The silver coins include 5 cents, 10 cents, 20 cents and 50 cents. Until the early 1990s we also had copper 1-cent and 2-cent coins, but they were too small and not worth much, so were phased out.

| 2 dollar | 1 dollar | 50 cent | 20 cent | 10 cent | 5 cent |

Activity 1

Now that you know that 100 cents make $1.00, work out how many of each of these coins you would need to make $1.00 (or 100 cents).

Note: Divide 100 cents by the cent amount.

1. 5 cents =   to make $1.00

    _____

2. 10 cents =   to make $1.00

    _____

3. 20 cents =   to make $1.00

    _____

4. 50 cents =   to make $1.00

    _____

Click to complete Activity 1

The Australian dollar

You know the symbol for dollars is $. One dollar can also be written A$1 or AUD1, which both mean one Australian dollar. We have to write it like this sometimes, because other countries also use dollars. For example, the United States uses dollars, but they are American dollars, so we write US$1 or USD1.

One Australian dollar is not the same as one American dollar as they are not worth the same amount. The news reports how much the Australian dollar is worth, because it changes every day. To find out how much the Australian dollar is worth in other currencies, you can visit the following website:

• www.rba.gov.au/statistics/frequency/exchange-rates.html

Activity 2

Write each of the following amounts using the $ symbol. For example, one dollar fifty is $1.50

1. One dollar twenty-five = _____

2. One dollar ninety-nine = _____

3. One dollar and ten cents = _____

4. One dollar and five cents = _____

Click to complete Activity 2

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Australian notes

Australia also uses banknotes as currency. We have $100, $50, $20, $10 and $5 dollar banknotes. They are made of plastic and have been since 1988. Before 1988, they were made from paper. We changed to using plastic banknotes because they are much harder to forge (make copies of) and they last four times longer than paper banknotes.

Our bank notes are many different colours and have pictures of different famous Australians on them, as well as the Queen. If you want to find out more about the people on our banknotes, visit the following website:

• http://banknotes.rba.gov.au/australias-banknotes

Using Australian money

Making cash payments

If a shop only takes cash payments, you must decide the best way to pay them in cash. Do you have the exact money? Or will you need change? If you can find the right money, you don't need any change.

Activity 3

Write down the coins you would use to pay for each of the following amounts.

You are paying the exact amount, so you won't need any change.

Cost	Money you have	Coins to use
$1.85	5c, 5c, 5c, 10c, 10c, 20c, 20c, 20c, 50c, 50c, $1, $2	
$2.55	5c, 5c, 5c, 10c, 10c, 20c, 20c, 20c, 50c, 50c, $1, $2	
$3.95	5c, 5c, 5c, 10c, 10c, 20c, 20c, 20c, 50c, 50c, $1, $2	

Click to complete Activity 3

Calculating change

If you pay more money than is needed to buy something, you should receive change. In a shop, cash registers work out the change you need. Always check your change to make sure it is correct. The best way to check your change is to add the cost of your item and the change together, so it adds up to the amount of money you paid.

For example, you bought a cake for $3.50, paid $10.00 and received $6.50 in change. Is that right?

$6.50 + $3.50 = $10.00

Yes, you were given the right change.

Adding the cents to make a dollar

Another way to work out change is to make the cent amount up to an exact dollar. You can do this if you know the numbers that add up to 10; for example, 9 + 1, 8 + 2, 7 + 3, 6 + 4 and 5 + 5. All you need to do is add a zero to find the numbers that add to 100.

For example, the change from $1.00 when you spend 80 cents is 20 cents because 80 + 20 = 100, like 8 + 2 = 10. There is just a zero added onto each number.

You also need to know amounts including 5 cents. For example, 45 cents and 55 cents make 100 cents or $1.00, and 35 cents and 65 cents makes $1.00.

Activity 4

Pick pairs of cent amounts from the following numbers, which add to $1.00, and write them as a sum below.

65	40	20	15	70	25	95	55
35	75	5	60	80	85	30	45

_____ + _____ = $1.00

_____ + _____ = $1.00

_____ + _____ = $1.00

_____ + _____ = $1.00

_____ + _____ = $1.00

_____ + _____ = $1.00

_____ + _____ = $1.00

_____ + _____ = $1.00

Click to complete Activity 4

Activity 5

If something costs $1.45, how many cents bring the amount up to the next dollar? $1.45 + 55c = $2.00.

For each of the following amounts, work out how many cents bring the amount up to the next dollar.

1. Shopping costs $3.85

    _____

2. Shopping costs $2.25

    _____

3. Shopping costs $6.95

    _____

4. Shopping costs $7.05

    _____

Click to complete Activity 5

Change with coins and notes

When change includes both dollars and cents, the easiest way is to work out the cents first and then the dollars. This is how to do it.

Say you spent $23.90 and paid with $50.00. How much change do you need?

Make up to the next dollar by adding 10 cents to make $24.00.

Then make up to the next 10 dollars by adding $6.00 to make $30.00.

Then add the rest of the dollars to make $50.00, which means you add $20.00.

$23.90 and 10 cents makes $24.00

Plus $6.00 makes $30.00

Plus $20.00 makes $50.00.

You have added on 10 cents, $6.00 and $20.00.

10 cents + $6.00 + $20.00 = $26.10

The change is $26.10.

Activity 6

First, work out the cents and then the dollars to find the change for each of the following amounts:

1. Your shopping costs $18.50 and
you pay with $20.00, your change is: _____

2. Your shopping costs $11.60 and
you pay with $20.00, your change is: _____

3. Your shopping costs $26.50 and
you pay with $50.00, your change is: _____

4. Your shopping costs $30.95 and
you pay with $50.00, your change is: _____

5. Your shopping costs $68.35 and
you pay with $100.00, your change is: _____

Click to complete Activity 6

Your money and the bank

A bank is the best place to keep your money so it is safe. Your money is kept in a bank account in your name. Money can be deposited (paid into) your bank account and you can withdraw (take out) money.

There are different types of bank accounts. For example, a savings account can help you save money. You may get a high rate of interest if you leave your money in the savings account for a long time. Interest is like a bonus that the bank pays you for keeping your money with them.

Most people have a bank account that they use day to day. Your bank account is usually in your name (for example, Miranda Smith) and also has a special number, called an account number. Only you can withdraw money from your bank account. However, others can deposit money into your account; for example, your wages may get paid directly into your bank account.

A bank can also lend you money – with a personal or home loan, or by giving you a credit card.

Story

Winny is talking to her parents about banking. Winny finds out that her parents have some cash hidden around the house in case they can't get to the bank to withdraw money. Winny tries to tell them that it's much safer to keep all their money in the bank.

ATM cards

ATM stands for automatic teller machine. An ATM is a machine that lets you withdraw money from or deposit money into your account without having to go into the bank. To use an ATM, you must have a card that is linked to your bank account. There are two main types of card: a debit card and a credit card. These cards are very useful as you can also use them to buy things from shops and businesses.

If you have a debit card, you can only withdraw as much money as you have in your account. When you use a debit card, you need a PIN (personal identification number). This is a number only you know, so only you can withdraw money from your account. When you use an ATM to withdraw money, or you buy something using your debit card, you must enter your PIN. At the end of the month you will receive a bank statement, which is a record showing how much money you withdrew and deposited. These are called your transactions. The statement also shows your account balance at the end of the month, which is how much you have left.

A credit card allows you to pay for things when you don't actually have the money. When a bank gives you a credit card, it is a bit like a loan.

They let you spend a certain amount (limit) on the card; for example, $2,000. At the end of each month, you get a bill for the amount of money you have spent on your credit card. This is the amount of money you owe and must pay back to the bank.

Your bank accounts

Some people have more than one type of account. For example, a savings account, a home loan account, a credit card account or a cheque account. Some people have a joint account with their partner, husband or wife. Some people have both their own account and a joint account.

You can transfer money between different accounts. For example, you might transfer part of your wages into a savings account.

Activity 7

1. What accounts do you have?

    _____

2. What account do you use most for banking?

    _____

3. Why?

    _____

4. How do you find your account balance?

    _____

Click to complete Activity 7

Withdrawing cash

There are many ways to withdraw cash from your account. You can go into the bank (over the counter), you can use an ATM or you can use EFTPOS. EFTPOS is short for Electronic Funds Transfer Point of Sale. EFTPOS is most commonly used to pay for things. When you pay for something using EFTPOS, money (funds) from your bank account is transferred electronically to the shop's account. To withdraw money, you must swipe or insert your debit card and enter your PIN at the point of sale (the counter). This allows you to access the money in your bank account, through the shop you are using, without having to go to the bank.

These days, banks encourage people to use electronic methods – the ATM or EFTPOS – to withdraw money, as it is a quick and easy method. If you do go into the bank to withdraw money, you may be charged a fee for this transaction.

Activity 8

Think about the different ways to withdraw cash. Read the description and then tick the box if it describes withdrawing money at the bank, using an ATM or using EFTPOS.

Description	At the bank	ATM	EFTPOS
Can be done at any time			
A PIN for identification			
You can see how much money is left in your account			
Lets you withdraw cash in a safe place			

Click to complete Activity 8

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How much money should you withdraw?

When you need to withdraw money, it is a good idea to only take out as much money as you need. If you withdraw too much money you may spend it without really needing to. If you don't take out enough money, you may have to withdraw more money. You should estimate (judge) how much money you think you need for the week. Withdrawing the right amount is a good way to budget if you are careful how you spend the money and don't keep withdrawing more.

When you withdraw cash from an ATM, you usually get the money in $50 notes or $20 notes. If you are withdrawing $150, you could get it as:

3 × $50 notes

1 × $50 notes plus 5 × $20 notes.

Activity 9

For each of the following amounts, list two ways you could make up that amount using $50 notes, $20 notes, $10 notes and $5 notes.

1. $200

    _____

2. $375

    _____

Click to complete Activity 9

Checking your transactions

A transaction is when money is moved into your account (deposited) or taken out (withdrawn). Each time you deposit or withdraw money this is a transaction. If someone else deposits money into your account, this is also a transaction. At the end of the month, or every few months, you will receive a bank statement that shows all your transactions. It is a good idea to check your statement to see whether the pattern of money in and out of your account is right and that you haven't been charged for anything incorrectly.

Here is an example of a bank statement.

Date	Transaction	Debit	Credit	Balance
30 Apr	2008 OPENING BALANCE			$149.20 CR
02 May	ABWDL CARLTON 03	40.00		
02 May	7-ELEVEN 1068C HEIDELBERG VIC	14.99		$94.21 CR
09 May	DEPOSIT		105.00	
09 May	ABWDL TITLES OFFICE	20.00		$179.21 CR
11 May	POB AUST POST MELB UNIVERSITY 3 007490	40.00		$139.21 CR
13 May	ABWDL PRAHRAN	60.00		
13 May	PRINCE ALFRED CARLTON VI 026598	10.00		
13 May	METLINK IVANHOE 633426	12.80		$56.41 CR
18 May	DEPOSIT		112.50	
18 May	ABWDL UNI MELBOURNE	20.00		$148.91 CR
19 May	ING DIRECT 03849584903333869 4083		100.00	
19 May	UNI/MELB SPORTS 2 MELBOURNE 133712	9.70		$239.21 CR
20 May	ABWDL UNI MELBOURNE	20.00		$219.21CR
23 May	ABWDL CENTRAL MELB	60.00		
23 May	IKEA RICHMOND RICHMOND VI 033255	39.00		$120.21 CR
26 May	ING DIRECT 94850930284902938 3029		100.00	$220.21 CR

On the left is the date column, which lists the date of each transaction.

The transaction column gives some details about each transaction, such as if it was a deposit or withdrawal and where it occurred.

The debit column lists all the amounts that were withdrawn from your account.

The credit column lists all the amounts that were deposited into your account.

The balance column tells you how much money you have left in your account at the end of each day that you made transactions.

Activity 10

Use the example bank statement to answer the following questions.

1. What month is the bank statement for?

    _____

2. Name some places where the transactions took place.

    _____

3. What is the largest amount of money that was withdrawn from this account in one transaction?

    _____

4. What is the largest amount of money that was deposited into this account in one transaction?

    _____

5. What is the account balance on 20 May?

    _____

Click to complete Activity 10

Activity 11

Use the words in the box below to complete the sentences with banking terms you should know.

ATM	EFTPOS	deposit	credit card
	withdraw	transfer	savings account
transactions	PIN	debit card	

1. An automatic teller machine is also known as an _____.

2. Electronic Funds Transfer Point of Sale is also known as _____.

3. A personal identification number is also known as a _____.

4. A card that only allows you to withdraw the money you have in your account is called a _____.

5. A card that allows you to pay for goods by borrowing from the bank is called a _____.

6. When you take money out of your bank account, you _____ it.

7. When you put money into a bank account, you _____ it.

8. When you move money from one account to another you _____ it.

9. The movements of money into or out of your account are called _____.

10. An account that gives you high interest for leaving money in your account is called a _____.

Click to complete Activity 11

Taking care of your money in the bank

It is the bank's job to look after your money, but there are some things you can do to help. If you want to open an account, the bank needs proof of your identity, so they know they are opening the account in the right name. This is also to protect you and your money, so someone else can't pretend to be you and try to access your money.

After you have opened your account the bank asks you to provide a signature or a personal identification number (PIN) whenever you withdraw any money. This helps them make sure that only you can withdraw money from your account.

Story

Winny has lost her wallet. Luckily, she didn't have much cash in it. Although she doesn't expect to see her cash again, Winny is worried that someone else may try to use her cards. She has a debit card and a credit card. Winny rings her bank straightaway and they cancel her cards.

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Looking after your cash

When you have cash in your wallet it is important to keep it safe. You want to have your cash to use. You don't want someone else to take your cash and you don't want to lose it.

It is not a good idea to carry a lot of cash with you in case you lose your wallet or someone steals it. If you are planning to buy something expensive, try to pay for it using EFTPOS or your credit card, so you don't need to carry cash.

Activity 12

Are these safe or unsafe ways to look after your cash?

Method	Safe or unsafe
Hiding your cash in a drawer in your bedroom	
Putting your cash in your pocket	
Putting your cash in your wallet or purse	
Leaving cash in your car	
Sending cash by post in a card as a present to someone	

Click to complete Activity 12

Looking after your identity

When you send or pick up a parcel from the post office, you must show proof of identity (proof of who you are). To do this, people may show their driver's licence with their photo and signature, or a passport.

The bank requires even more proof of identity when you open an account. This is because, if someone can prove that they are you, they can withdraw your money from the bank.

You will be asked to do a 100-point identity check. This means providing enough proof of identification to add up to 100 points. Different forms of identification are given different points. For example, a birth certificate or passport is usually 100 points, as these are official government documents and very hard to fake. If a driver's licence is worth 40 points, you would then have to provide other documents that add up to the 100 points.

Activity 13

Here is one example of a 100-point identification check for a bank. Your bank may be different. Look at the different documents and how many points they are worth. Then do the following task.

100-point identification check		
Document type (please tick type used)		**Point value**
☐ Birth certificate (Person under 18)		100
☐ Passport (Person under 18)		100
☐ Passport (Person arriving in Australia within past six weeks)		100
☐ Passport (current or expired within past two years)		70
☐ Driver's licence	Australian	40
	Overseas	25
☐ Student photo ID card (issued by Aust. Tertiary Education Institution)		40
☐ Pension concession card or health care card		40
☐ Financial institution passbook, debit or credit card		25

Write down how many points you get for each of the following:

An expired passport: _____

An Australian driver's licence: _____

An overseas driver's license: _____

A birth certificate: _____

A credit card: _____

Click to complete Activity 13

Your personal identification number (PIN)

A PIN is a special number (of four or more digits) used to identify you to give you access to your money. You use a PIN with your debit card when you withdraw money, and with your debit and credit cards in shops. It is important to look after your PIN and make it difficult for someone else to guess it or find it. If someone else does get your PIN and your card, they can withdraw your money.

A good PIN is a number that doesn't follow an easy pattern. For example, it is not a good idea to use your date of birth or postcode because someone can guess these easily. Instead, try to use random numbers or numbers other people won't know, like your grandmother's birthday.

You must keep your PIN secret. Don't tell anyone your PIN and don't let others see when you are typing your PIN. Remember your PIN; do not write it down.

Activity 14

What is wrong with these PINs?

1. Your birthdate

   _____

2. Your postcode

   _____

3. The numbers 1234

   _____

4. Repeated numbers like 6666

   _____

5. Give an example of a better PIN.

   _____

6. How would you remember this PIN?

   _____

Click to complete Activity 14

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Keeping track of your transactions

It is important to know the balance of your bank account. This lets you know how much money you have to spend, or if you're spending too much! It is also important to verify (check) all the transactions you make. Remember, when you get your statement, check it carefully. You may forget about some transactions, especially if they were a month ago. So, it's a good idea to keep your receipts so you can compare them with your bank statement.

Make sure that you can understand all the information on your receipts. They are not hard to read. The next activity will give you some practice.

Activity 15

Here is an example of a receipt from a supermarket. Look at the receipt closely, then answer the following questions.

```
CARD: 580257 8624
DEBIT CARD
CHEQUE ACCOUNT

PURCHASE              $13.93
CASH OUT             $50.00
                   -----------

TOTAL         AUD    $63.93

APPROVED               00

21/10/18    16:31    037252
-------------------------------------------------
```

```
        133 BRIDGE STREET HIGHBERG
              TRADING HOURS
           MON–SUN 6 am–11 pm
            PHONE: 9243 8765

Hot chicken special       $3.99
MEAT SPECIAL              $3.99
GRAPEFRUIT               $5.95

3         Bal Due       $13.93
EFT                      $63.93
Change                   $50.00

Total includes GST of      $0.00
* Indicates items with GST
          TAX INVOICE
```

1. How much was spent buying fruit and meat at the supermarket?

   _____

2. What type of card was used?

   _____

3. What type of account was it?

   _____

4. How much cash was taken out at the same time?

   _____

5. On what date did this transaction take place?

   _____

Click to complete Activity 15

Contacting your bank

If you ever lose a debit or credit card, or have one stolen, you must contact the bank as soon as possible. You can contact most banks 24 hours, 7 days a week, to do this. Notify your bank that your card has been lost or stolen. The bank will then put a stop on your card. This means that it can no longer be used, by you or anyone else. Even if you do find your old card, you still won't be able to use it. Instead, you will get a new card and a new PIN sent to you.

You may also be able to contact your bank online if you have set up internet banking. To do this, you will have to log on to your banking site. You usually have to enter a client number and password to access your accounts. You can then search for 'lost or stolen cards' and follow the prompts to cancel or put a stop on a card.

Borrowing and saving money

If you don't have enough money for something you want or need to buy, you can borrow money from the bank. This is also called getting a loan. There are many different types of loans, depending on what you use the money for. If you borrow money to buy a house, you get a home loan. If you borrow money to buy a car, you get a car loan. If you borrow money for a holiday, you get a personal loan.

Story

Winny wants to buy a car. She has enough money in her savings account to buy a second-hand car. If Winny wants to buy a new car, she will need to borrow some money. Or, she could wait a year or two until she has saved enough money.

Interest on a loan

When you get any loan from a bank, you usually pay the money back in instalments, which is an amount every month. You are also charged interest. This means you must pay extra. This is like a bank charge for lending you the money.

Interest is a percentage of the total loan amount and may be between 0 and 20%, depending on the loan you have. So, if you get a car loan for $20,000, the total cost of the car is the $20,000 plus the interest charged for borrowing this money. So, the loan adds to the cost of whatever you are buying. When you get a loan, there may also be other charges, like account fees. It is actually not so hard to get a loan. The hard part is paying it back.

Activity 16

A $5,000 loan from a bank for one year has an interest rate of 20% each year.

The interest for this loan will be $1,000, which is 20% of $5,000. o altogether you pay back $6,000.

1. How much interest would pay if you borrow $5,000 for two years at 20% interest each year?

    _____

2. How much do you have to pay back in total?

    _____

3. What is the interest if you borrow $50,000 for two years at 20% interest? Hint: $50,000 is 10 times $5,000.

    _____

4. How much do you have to pay back in total?

    _____

Click to complete Activity 16

Keeping the interest low

Remember, the more money you borrow, the more interest you must pay. So borrow the smallest amount of money you can. This may mean you have to save up for an extra year or so. But in the long run, you will be better off.

Borrowing money over a longer period of time also costs you more than borrowing for a shorter period of time. You pay the same amount of interest every year you have the loan, so try to pay your loan back as fast as you can.

Activity 17

A $5,000 loan at 20% interest for a year costs $6,000 including interest.

If you pay monthly instalments, how much will you pay each month?

To calculate this do $6,000 ÷ 12 months = $500 per month.

Calculate the following monthly instalments.

1. $5,000 plus 20% interest for two years = $7,000
    Two years is 24 months

    How much are the monthly repayments?

    _____

2. $10,000 plus 20% interest for two years = $14,000

    How much are the monthly repayments?

    _____

3. $10,000 plus 20% interest for three years = $16,000

    How much are the monthly repayments?

    _____

Click to complete Activity 17

Home loans

A home loan is usually the biggest loan people get from the bank. Home loans are also usually for between 20 and 30 years. Interest rates for home loans vary and have been between 4% and 10% for the last 10 years. The interest on a home loan is calculated on the amount of money you still owe. So, you are charged less interest each year of the loan as you pay it off. However, you still pay the same amount each month. Home loans can be very complicated but remember, the more money you borrow, the more interest you pay. Also the longer you borrow the money for, the more interest you pay. To save money, borrow the least amount of money for the shortest time possible.

Credit cards

As mentioned previously, a credit card is also a type of loan from a bank. Credit cards are good for short-term loans, for small amounts of money. Your bank gives you a credit card with a limit. Once you have spent up to your limit on your card, you can't spend any more. Each month you receive a credit card statement. Always check your statement to make sure it is correct. It is important to know that if you don't pay back the full amount you spend each month, you are charged a lot of interest – usually between 15% and 20%. If you can't pay back the full amount, you must at least make the minimum repayment, which is written on your statement.

While credit cards are useful, many people get into a lot of debt, buying things they can't afford. They then struggle to make the repayments and the interest keeps adding up. It is a good idea to think that if you can't pay it all off at the end of the month, then you can't afford it at all.

Activity 18

Here is an example of a credit card summary, which is on the front page of your statement. Read it, then answer the following questions.

Credit card summary		Payment due date
Opening balance	$200.55	18 December 2018
New charges	$97.84	**Minimum payment**
Payments/Refunds	-$250.00	$25.00
		Closing balance
		$48.39

1. How much is owed on this credit card? Hint: look for the closing balance.

    _____

2. What is the minimum amount that must be paid off?

    _____

Here is an example of the transactions listed on a credit card statement. Read it, then answer the following questions.

Credit card transactions

Credit limit: $2000   Available credit: $1952   Annual rate: 18.400%   Daily rate: 0.05041%

Date	Transaction details	Amount (A$)
2 Nov	RACV Insurance Service Noble Park VIC 628751J	71.84
6 Nov	The Age Company Ltd Melbourne VIC 97822IX	26.00
16 Nov	Payment received, Thank you AUS 110034691	250.00-
	Interest charged on purchases	0.00
	Interest charged on cash advances	0.00

3.   What is the credit limit on this card?

_____

4.   What do you think 'Available credit' means?

_____

5.   What is the annual interest rate on the card if it is not paid off each month?

_____

6.   What shows that the credit card was paid off last month?

_____

Click to complete Activity 18

Saving money

Saving money can keep you out of debt. For example, if your fridge breaks down you can either borrow money (with interest) or pay for it with your savings. Remember, if you take out a loan, the fridge will end up costing more. It is a good idea to have a special account for your savings. The good thing about a savings account is that this time you get the interest: the bank pays you interest for keeping your money with them.

The longer you leave your money in the bank, the more interest you earn and the bigger your balance becomes. It is a good idea to see what interest rates different banks offer for savings accounts. This way you can choose the one with the best interest rate. But be sure to check for any fees and charges for the account as well.

What you have learnt

Put a ✓ in the box when you have learnt these things.

☐ Australia uses decimal currency, where 100 cents = one dollar.

☐ The symbol for dollars is $ and cents is c. Australian dollars are also written A$1 or AUD1.

☐ Our currency is made up of banknotes and gold and silver coins.

☐ To calculate change, make the cent amount up to the next dollar, then make up to the next 10 dollars and then add the remaining dollars to add up to the amount you paid with.

☐ A bank account in your name is a safe place to keep your money. You can deposit or withdraw money from your account.

☐ These days, most people use cards, including debit or credit cards, to make transactions.

☐ A PIN keeps your cards safe and allows only you to use them. Make sure your PIN is not an easy number to guess.

☐ Always check the transactions listed on your bank statements to make sure you have been charged correctly for your purchases.

☐ Never carry lots of cash on you. Instead, try to use EFTPOS.

☐ A bank can loan you money; however, you must pay it back, as well as an amount of interest. So what you buy with a loan ends up costing you more.

☐ A savings account rewards you by paying you interest on the money you have in your account.

Check your learning

Answer the following questions.

1. The cost of your shopping is $67.55. Show one way to give the exact money (no change) using notes and coins.

    _____

2. The cost of your shopping is $67.55. You pay with a $50 and a $20 note.

    How much money do you give?

    _____

3. You are given $3.45 change. Is this the correct change?

    _____

4. You need to sort some money into $100 amounts of the same type of note.

    a. How many $5 notes make $100?

    _____

    b. How many $20 notes make $100?

    _____

5. Complete the follow table by answering true or false to the following statements.

Statement	True or False
You can have more than one bank account.	
It is safer to put your money under the bed than put it in a bank.	
Your signature is needed to withdraw money with a debit card.	
Putting money into the bank is one type of bank transaction.	
A bank statement shows the transactions in your account.	
You can only withdraw money in notes from an ATM.	
The balance is the money you have left in an account.	
If you have a debit card you can only withdraw the money you have.	

6. What would you say to someone who makes the following comments? Why or why not?

a. Cash is the safest way to pay bills.

_____

b. I can never remember a PIN so I don't use a card.

_____

c. I can't keep track of my money with a card.

_____

7. What advice would you give to these people?

    a. John's fridge has just stopped working. He needs to get a new one but doesn't have the all the money to buy one.

    _____

    b. Sang has the choice of buying a second-hand car for cash or a new car with a loan.

    _____

    c. Amanda has a large amount owing on her credit card.

    _____

8. Use the words in the box and write them in the correct place below.

annual interest rate	per year	credit limit
interest loan	minimum repayments	month
monthly repayments	savings account	total amount

    I do not have enough money to pay for repairs on my house. I need a _____ from the bank. They told me that I would have to pay _____ each year at the rate of 15% _____. I asked them how much extra it would cost me each year or the _____.

    They told me that the amount I borrowed and the number of years would give the _____ of the loan. They worked out the _____. I could afford to pay that each month.

Then the bank asked me if I had a credit card. They asked if I was happy with the terms on it, or if I wanted to increase the _____. They explained that I should pay it off each _____ so I don't have to pay any extra interest. They also said if I don't have enough money to pay the card off each month I should make the _____.

My friend says she doesn't have a credit card. She has a _____ . She says it is better to save money than to borrow it.

Click to complete

Answers

Answers to activities

Activity 1

Answer to Question 1

20

Answer to Question 2

10

Answer to Question 3

5

Answer to Question 4

2

Activity 2

Answer to Question 1

$1.25

Answer to Question 2

$1.99

Answer to Question 3

$1.10

Answer to Question 4

$1.05

39

Activity 3

Cost	Money in your purse	Coins to use
$1.85	5c, 5c, 5c, 10c, 10c, 20c, 20c, 20c, 50c, 50c, $1, $2	$1, 50c, 20c, 10c, 5c
$2.55	5c, 5c, 5c, 10c, 10c, 20c, 20c, 20c, 50c, 50c, $1, $2	$2, 50c, 5c
$3.95	5c, 5c, 5c, 10c, 10c, 20c, 20c, 20c, 50c, 50c, $1, $2	$2, $1, 50c, 20c, 20c, 5c

Activity 4

65 + 35 = $1.00

40 + 60 = $1.00

75 + 25 = $1.00

95 + 5 = $1.00

15 + 85 = $1.00

70 + 30 = $1.00

80 + 20 = $1.00

55 + 45 = $1.00

Activity 5

Answer to Question 1

15c

Answer to Question 2

75c

Answer to Question 3

5c

Answer to Question 4

95c

Activity 6

Answer to Question 1

$1.50

Answer to Question 2

$8.40

Answer to Question 3

$23.50

Answer to Question 4

$19.05

Answer to Question 5

$31.65

Activity 7

Answer to Question 1

Answers will vary according to the person.

Answer to Question 2

For example, an everyday savings account

Answer to Question 3

For example, there are few fees and it is easy to use and manage.

Answer to Question 4

At the ATM or online

Activity 8

Description	At the bank	ATM	EFTPOS
Can be done at any time		✓	✓
A PIN for identification		✓	✓
You can see how much money is left in your account	✓	✓	
Lets you withdraw cash in a safe place	✓	Only if the ATM is in a safe place	✓

Activity 9

There are lots of different correct answers. Here are some examples.

Answer to Question 1

4 × $50 notes or 10 × $20 notes

Answer to Question 2

7 × $50 notes, 1 × $20 note, 1 × $5 note or 37 × $10 notes and 1 × $5

Activity 10

Answer to Question 1

May

Answer to Question 2

7-11, the Titles Office, the Post Office, the Prince Alfred, Metlink, Sports 2 Melbourne, Melbourne Central and IKEA

Answer to Question 3

$60.00

Answer to Question 4

$112.50

Answer to Question 5

$219.21

Activity 11

Answer to Question 1

ATM

Answer to Question 2

EFTPOS

Answer to Question 3

PIN

Answer to Question 4

debit card

Answer to Question 5

credit card

Answer to Question 6

withdraw

Answer to Question 7

deposit

Answer to Question 8

transfer

Answer to Question 9

transactions

Answer to Question 10

savings account

Activity 12

Method	Safe or unsafe
Hiding your cash in a drawer in your bedroom	Unsafe
Putting your cash in your pocket	Unsafe
Putting your cash in your wallet or purse	Safe
Leaving cash in your car	Unsafe
Sending cash by post in a card as a present to someone	Unsafe

Activity 13

Answer to Question 1

70 points

Answer to Question 2

40 points

Answer to Question 3

25 points

Answer to Question 4

100 points

Answer to Question 5

25 points

Activity 14

Answer to Question 1

Someone may be able to find your birthdate.

Answer to Question 2

It's very easy to guess as someone can find your address.

Answer to Question 3

Too easy to guess.

Answer to Question 4

Too easy to guess.

Answer to Question 5

Any random numbers or numbers that people can't guess, like 6279 or 1549.

Answer to Question 6

You could say it to yourself many times until you feel you know it.

Activity 15

Answer to Question 1

$13.93

Answer to Question 2

A debit card

Answer to Question 3

A cheque account

Answer to Question 4

$50.00

Answer to Question 5

21 October 2018

Activity 16

Answer to Question 1

$2,000

Answer to Question 2

$7,000

Answer to Question 3

$20,000

Answer to Question 4

$70,000

Activity 17

Answer to Question 1

$291.67

Answer to Question 2

$583.33

Answer to Question 3

$444.44

Activity 18

Answer to Question 1

$48.39

Answer to Question 2

$25.00

Answer to Question 3

$2,000

Answer to Question 4

Available credit is the amount of money you can still spend on the card.

Answer to Question 5

18.4%

Answer to Question 6

The transaction on 16 November saying 'Payment received, Thank you ($250)', and that no interest was charged.

Answers to Check your learning

Answer to Question 1

1 × $50, 1 × $10, 1 × $5, 1 × $2, 1 × 50c, 1 × 5c

Answer to Question 2a

$70

Answer to Question 2b

No, it is $1 too much.

Answer to Question 3a

20

Answer to Question 3b

5

Answer to Question 4

Statement	True or False
You can have more than one bank account.	True
It is safer to put your money under the bed than put it in a bank.	False
Your signature is needed to withdraw money with a debit card.	False
Putting money into the bank is one type of bank transaction.	True
A bank statement shows the transactions in your account.	True
You can only withdraw money in notes from an ATM.	True
The balance is the money you have left in an account.	True
If you have a debit card you can only withdraw the money you have.	True

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Answer to Question 5a

No, as you may have to carry a lot of money on you.

Answer to Question 5b

There are many ways to choose a safe PIN and remember it. It is much safer to use a card with a PIN than to carry a lot of cash.

Answer to Question 5c

Take out a certain amount to spend each week and check you balance regularly online or at an ATM.

Answer to Question 6a

John could get a small loan or use his credit card. The option that has the lowest interest would be recommended.

Answer to Question 6b

If the second-hand car is in good working order and is what Sang wants, it would be a good idea. A loan can include lots of interest.

Answer to Question 6c

Amanda should try to budget to pay off her card as much as she can (or at least the monthly minimum) to decrease the interest she is paying. It may also be a good idea to lower her credit limit.

Answer to Question 7

I do not have enough money to pay for repairs on my house. I need a **loan** from the bank. They told me that I would have to pay **interest** each year at the rate of 15% **per year**. I asked them how much extra it would cost me each year or the **annual interest rate**.

They told me that the amount I borrowed and the number of years would give the **total amount** of the loan. They worked out the **monthly repayments**. I could afford to pay that each month.

Then the bank asked me about my credit card. They asked if I was happy with the terms on it, or if I wanted to increase the **credit limit**. They explained that I should pay it off each **month** so I don't have to pay any extra interest. They also said if I don't have enough money to pay the card off each month I should make the **minimum repayments**.

My friend says she doesn't have a credit card. She has a **savings account**. She says it is better to save money than to borrow it.