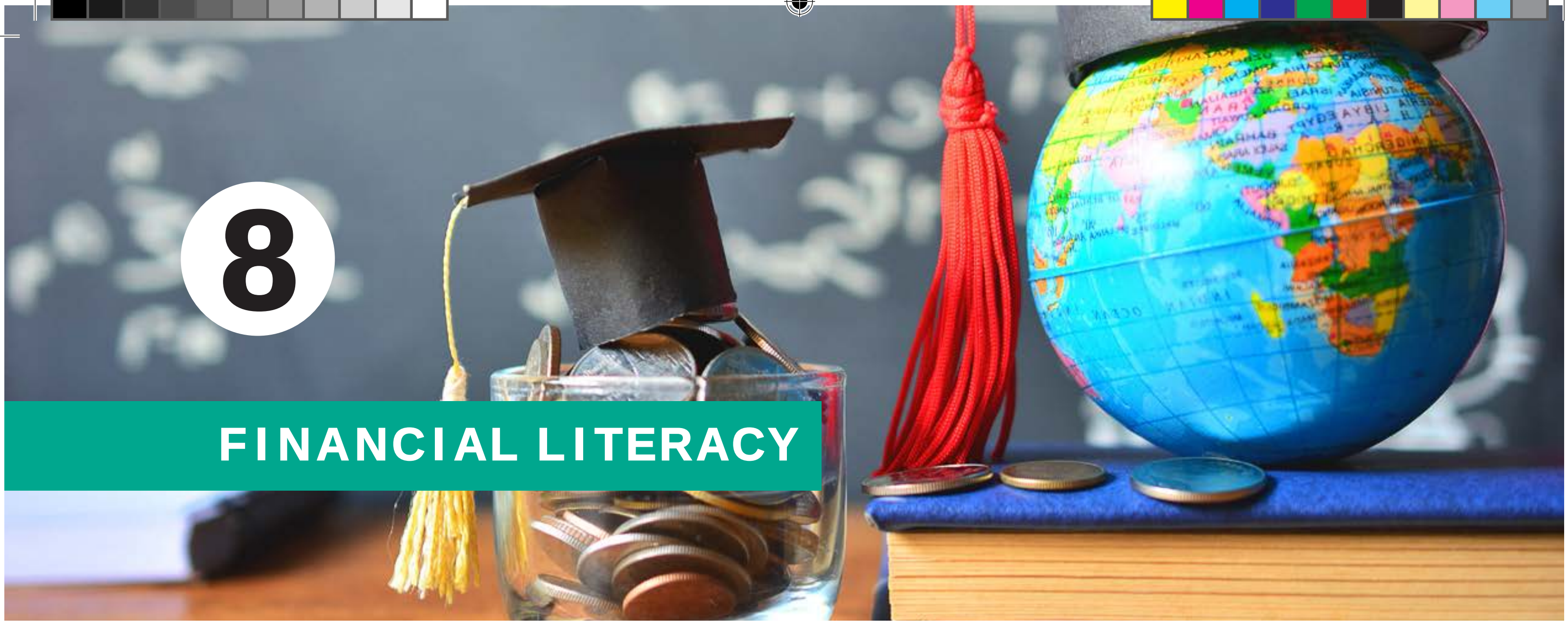


8 FINANCIAL LITERACY

K-W-L ABOUT

I Know	I want to Know	I Learned

Fill the I know and I want to know columns by yourself or with the help of the facilitator before starting this unit.

1. INTRODUCTION TO CONCEPT OF MONEY

Objectives

After this lesson, the student will be able to

- Understand the concept of money
- Identify the functions of money
- Realise the use of money management for various needs

INTRODUCTION

When you accompany your parents to the market, do you observe how they purchase the various items? Every purchase requires the use of money.

As you are able to observe, money is the accepted medium of exchange. It allows you to buy the things you require, right from basic things such as bread to high-value products such as a car.

In our country, money is used in the form of Indian currency known as the 'Rupee'. You would surely have used 'rupees' when you buy food from the school canteen.

Concept of Money

Money is a commodity accepted by general consent as a medium of economic exchange. It is the medium in which prices and values are expressed. It circulates from person to person and country to country, facilitating trade and it is the principal measure of wealth.

Evaluation of Money

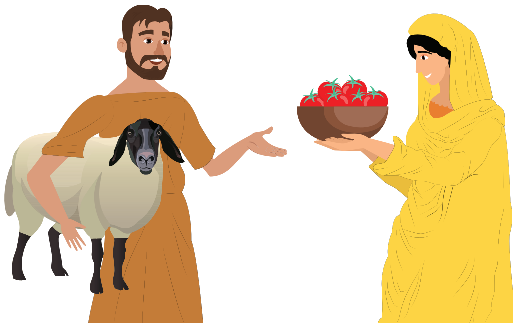
Money has evolved through different stages according to the time, place and circumstances.

Some of the major stages through which money has evolved are as follows:

1. Commodity Money
2. Metallic Money
3. Paper Money
4. Credit Money
5. Plastic Money
6. Electronic Money
7. Crypto currency

1. Commodity Money

In the earliest period of human civilization, any commodity that was generally demanded and chosen by common consent was used as money. Goods like furs, skins, salt, rice, wheat, utensils, weapons etc. were commonly used as money. Such exchange of goods for goods was known as 'Barter Exchange'.



2. Metallic Money

With the progress of human civilization, commodity money changed into metallic money. Metals like gold, silver, copper, etc. were used as they could be easily handled and their quantity can be easily ascertained. It was the main form of money all the way through the major portion of recorded history. The use of metal for money can be traced back to Babylon, prior to 2000 BCE. Standardization and certification in the form of coinage did not occur except perhaps in isolated instances until the 7th century BCE. Historians generally ascribe the first use of coined money to Croesus, king of Lydia, a state in Anatolia.

3. Paper Money:

It was found inconvenient as well as dangerous to carry gold and silver coins from place to place. So, the invention of paper money marked a very important stage in the development of money. Paper money is regulated and controlled by the Central bank of the country (RBI in India). At present, a very large part of money consists mainly of currency notes or paper money issued by the central bank. The first use of paper money occurred in China more than 1,000 years ago. By the late 18th and early 19th centuries, paper money and banknotes had spread to many other parts of the world.

4. Credit Money

The emergence of credit money took place almost side by side with that of paper money. People keep a part of their cash as deposits with banks, which they can withdraw at their convenience through cheques. The cheque (known as credit money or bank money), itself, is not money, but it performs the same functions as money.

5 Plastic Money

The latest type of money is plastic money in the form of Credit cards and Debit cards. They aim at removing the need for carrying cash to make transactions.

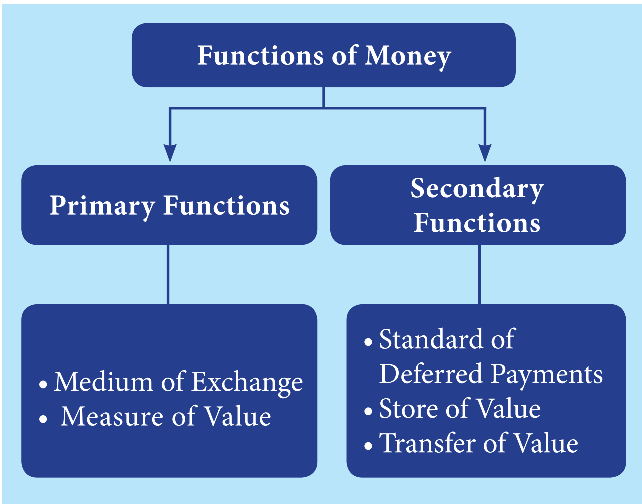
6. Electronic Money

E-money is a monetary value that is stored and transferred electronically through a variety of means like mobile phones using UPI Ids, tablet, contactless card (or smart cards), computer hard drives or servers. Electronic money need not necessarily involve bank accounts in transactions but acts as a prepaid bearer instrument.

7. Crypto Currency

A crypto currency is an encrypted data string that denotes a unit of currency. It is monitored and organized by a peer-to-peer network called a blockchain, which also serves as a secure ledger of transactions, e.g., buying, selling, and transferring.

Functions of Money



Functions of money can be broadly categorised into the following two types:

(a) Primary functions

(b) Secondary functions

(a) Primary functions

i) Medium of exchange:

- It means that money can be used to make payments for all the transactions of goods and services.
- A buyer can buy goods through money, and a seller can sell goods for money.
- It is an essential function of money.

ii) Measure of value:

- Money serves as a measure of value.
- The value of all goods and services is expressed in terms of money.

(b) Secondary functions

i) Standard of deferred payments:

- It means that money acts as a 'standard' for making future payments.
- It has made deferred payments much easier than before.
- Example: When we borrow money from somebody, we have to return both the principal as well as the interest amount in the future.
- Money is a convenient mode of calculation and payment of interest amount to be paid in the future.
- This function has facilitated borrowing and lending.
- It has also led to the creation of financial institutions.

ii) Store of value:

- A store of value implies a store of wealth.
- Money can be easily stored for future use.
- It is the most convenient and economical means to store earnings and wealth.

iii) Transfer of value:

- Money also serves for the transfer of value.
- It facilitates buying and selling of goods not only in the domestic country but also in other parts of the world.

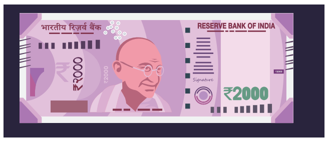
ACTIVITY 1

Find out the various ways in which you can use the money to buy things. Some of the daily day necessities are listed below:

To recharge your phone	
Buy groceries	
Purchase a new dress	
Travel on a taxi	
Lend a friend	
Book train tickets	
Fill petrol to your vehicle	

ACTIVITY 2

Identify to which country the money bills belong to?

CONCLUSION

From the lesson you may recognisd money is a medium of exchange in the economy. Historically speaking, humans have been transacting in goods much before money was invented. While ancient trade was based on the barter system, there is also evidence of commodities being used in the form of livestock, salt, metal, rare stones et cetera.The Han Dynasty, which ruled China from 206 BC to 220 AD, opened up the 'Silk Road' trading route between China and Central Asia.

QUESTIONS TO THE STUDENTS

List out your queries regarding money, transactions, Banking and others. So it would clarified in the sessions to come.

2. BASICS OF BANKING: TYPES OF BANK ACCOUNTS

Objectives

After this lesson, the student will be able to

- know about the banking System in India
- Identify the types of bank accounts
- Realise the use of money for various needs

INTRODUCTION

Origins of Banking

In ancient human history, banking is said to have started in the temples and palaces of Babylonia even before 2000 BC. Ancient Greeks too developed a system of transferring money in the form of book entries.

Banking in India started in a major way in the form of the Imperial Bank of India in 1921. This was later renamed the State Bank of India (SBI) in 1955.

Banks and their Importance

As a young child, you may have used a piggy bank. You deposit a small amount of cash or coins into a piggy bank, and when you finally open it, it reveals a handsome amount for you to use. That is how a bank works in real life too. However, it works according to strict rules and also serves many more functions that are important to individuals and businesses.

To explain in simple words, a bank is an institution where people deposit their funds as savings and are able to withdraw the same when required.

In this sense, a bank acts as a 'vault' for the safekeeping of funds. There are situations when people may need funds more than their savings to purchase high-value products such as cars, bikes etc. In such situations, banks also provide 'loans' to the 'deposit holders'.

Types of Banks

Banks are of different types and can be categorised on the basis of the ownership and services they offer:

Central Bank: The Central Bank is an extremely important institution in the financial system of any country. In India, the Reserve Bank of India (RBI) plays the role of the central bank. It is responsible for the overall management of the nation's currency to ensure an adequate supply of genuine notes. As the central bank, RBI also performs various other important functions such as acting as a banker to the government and implementing monetary policies for the country.

Commercial Banks: These include public sector banks owned by the Government and also private banks. Commercial banks provide a direct interface to the people allowing them to open and manage accounts, obtain loans and other financial services.

Types of Bank Accounts

Savings Account: These are the accounts opened in banks with the key purpose of inculcating the habit of saving among people. Savings accounts allow maximum flexibility to deposit any amount of their liking, thus making it easy and convenient for common people. This kind of account is popular with students, salaried individuals, and senior citizens. Savings accounts earn a nominal interest which is based on the time period the funds are parked in the account.

Current Account: These accounts are opened by business owners as they meet their requirement for an unlimited number of cash deposits and withdrawals. The important thing to note in the case of current accounts is that they do not earn interest. On the other hand, banks charge interest from account holders for an overdraft facility. When banks allow account holders to withdraw more than their account balance in order to meet their business requirements, it is known as an overdraft.

Fixed Deposit: This account type is ideal for depositors who wish to park their funds in the bank for a long period of time. The key benefit of a fixed deposit is that it provides a substantially higher rate of interest compared to savings accounts.

Recurring Deposit: Very popular with students, recurring deposits are designed to encourage the habit of regular savings amongst people. These deposits too earn interest higher than savings accounts. An example of a Recurring Deposit is when a depositor plans to deposit a fixed amount of Rs.1000 per month for a period of 24 months. At the completion of the 24 months period, the depositor gets back the base amount of Rs. 24,000, along with the interest amount.

ACTIVITY 1:

Make a list of banks available in your residential locality and school locality. Find out what type of banks they are.

Bank Name	Type

ACTIVITY 2

Do you have an account in the bank? If so, take your passbook and find out what kind of account you have and why were you assigned that account.

CONCLUSION

Banking in India started in a major way in the form of the Imperial Bank of India in 1921. In India, the Reserve Bank of India (RBI) plays the role of the central bank, Commercial banks provide a direct interface to the people allowing them to open and manage accounts and obtain loans and other financial services. Savings Account is the account opened in banks with the key purpose of inculcating the habit of saving among people Fixed deposit is ideal for depositors who wish to park their funds in the bank for a long period of time Cheques have been the most popular instrument for money transfer for many decades

QUESTIONS TO THE STUDENTS

List the various savings methods you have used so far. If you want to create one in a bank, which accounts type will you choose?

____

____

____

3. OPENING A BANK ACCOUNT AND BASIC BANKING TRANSACTIONS

Objectives

After this lesson, the student will be able to

- create a bank account
- Perform basic banking transactions
- Learn

INTRODUCTION

A bank account can be opened in the name of an individual singly or jointly with a family member by submitting the following documents:

- Passport size photographs
- Identity proof
- Address proof
- Opening amount

Once the account is opened, the bank provides to the account holder an account number and cheque book to operate the account. Some banks also provide account holders with access to mobile banking.

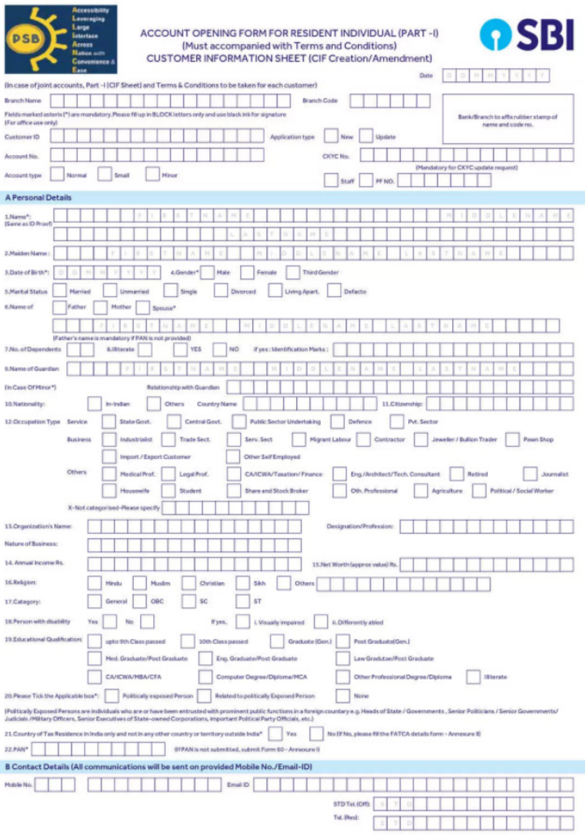
BANK NAME	TYPE
Proof of identity	Passport, Driving License, Voter's ID card etc.
Proof of address	Passport, Driving License, Voter's ID card etc.
Other important documents	• Pan Card • Form 16 (only if PAN card is not available) • 2 latest passport size photographs

Steps to Open a Savings Account with State Bank of India(SBI)

To open SBI savings account at any SBI Bank branch, customers will have to follow the steps mentioned below.

- Visit the SBI branch closest to you.
- Request the bank executive for an account opening form.
- On the account opening form, applicants will have to fill in both parts.

Form 1 - Name, address, signature, various other details and assets.

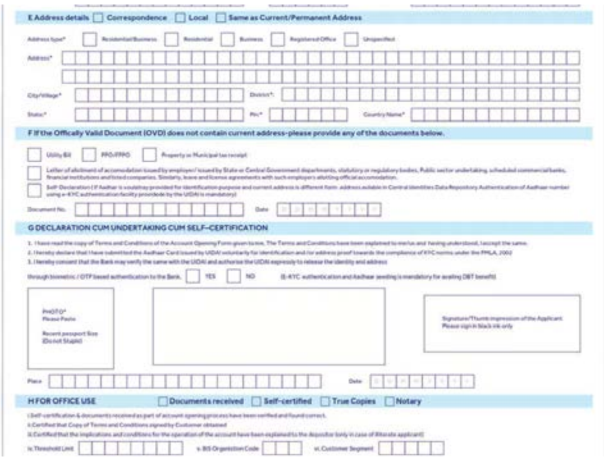

ACCOUNT OPENING FORM FOR RESIDENT INDIVIDUAL (PART -I)
(Must accompanied with Terms and Conditions)
CUSTOMER INFORMATION SHEET (CIF Creation/Amendment)

SBI

A Personal Details

B Contact Details (All communications will be sent on provided Mobile No./Email-ID)

Form 2 - Customers will have to fill in this part if they do not have a PAN card.


E Address details

G DECLARATION CUM UNDERTAKING CUM SELF-CERTIFICATION

H FOR OFFICE USE

- Ensure that all the fields have been entered and are correct. The details mentioned in the application form should match those mentioned in the KYC documents that have been submitted.

- The customer will now have to make an initial deposit of Rs.1,000.
- As soon as the bank completes the verification process, the account holder will be granted a free passbook and chequebook.
- Simultaneously, customers can submit the internet banking form.

Following approval from the bank, the customer will receive a savings account welcome kit. The kit will contain

- SBI ATM debit card
- The PIN will be sent in a separate post.
- SBI cheque book of 10 leaves.
- Pay-in slips

Reserve Bank of India — Role and Importance

The Reserve Bank of India (RBI) plays a prominent role as the Central Bank of India and has the power to control the monetary situation of the entire country. Apart from the issuance of currency, RBI performs various other important functions that impact the Indian economy in a significant way:

- Implements monetary policies
- Manages foreign exchange reserves
- Acts as banker to the government
- Financial regulation and supervision
- Governs the policies for other banks to follow

ACTIVITY 1

Visit the nearest bank and get the form for opening a savings account. Fill in all the details you know and for details with doubt, clarify it with the customer care present in the bank.

CONCLUSION

The Reserve Bank of India (RBI) plays a prominent role as the Central Bank of India and has the power to control the monetary situation of the entire country. Digital banking allows the bank customers to avail banking services using the bank's website on laptop or through a mobile app on a smartphone. Digital Payments refers to transferring an amount of money to another individual, business or organisation through the internet without the requirement to physical cash.

QUESTIONS TO THE STUDENTS

1. List the difficulties you faced while opening a savings bank account.

____

____

____

____

____

2. Converse with your parents and find out what KYC details they submitted to the bank and How you can create your own KYC documents.

4. ONLINE BANKING AND DIGITAL TRANSACTIONS

Objectives

After this lesson, the student will be able to

- Learn digital banking
- Explain how to make basic banking transactions in online
- Discuss digital payments

INTRODUCTION

Digital banking allows bank customers to avail banking services using the bank's website on a laptop or through a mobile app on a smartphone/tablet.

These services include:

- Checking account balance
- Transferring funds to another account
- Ordering a cheque book
- Changing passcodes

Digital Banking – Do's & Don'ts

Let us learn about some Do's & Don'ts to be observed while performing digital banking:

Do'S	Don'ts
Keep your user ID and password confidential and do not reveal to anyone	Do not use an email message to log in to your banking account; Always use the official website
Memorise your user ID and password instead of noting down anywhere	Do not reveal personal information to anyone over email/SMS/phone call
Log off completely and clear your system cache after every session	Do not use the 'Remember Password' feature provided by browsers to save your banking password
Register for SMS alerts to keep track of transactions on your account	

Understanding Digital Payments

Digital Payments refers to transferring an amount of money to another individual, business or organisation through the internet without the requirement to handle physical cash.

Benefits of Digital Payments

The trend of digital payments has revolutionised the world of business and the lives of people. It has brought in a new era of the flexibility of convenience. Let us discuss the many benefits of digital payments.

1. Fast, easy and convenient : Digital payments can be made at any time of the day using just the samartphone.
2. One-stop solution: Can be used for various purposes such as making bill payments, purchasing goods and services online, or for just sending money to a friend.
3. Transparent Transactions : Since there is no cash handling involved, digital payments discourage the use of black money.
4. Digital Record : Each online/digital transaction is backed by a unique transaction ID making digital payments fully secure

Modes of Digital Payments – Card Based Payments

Debit Cards: Debit cards serve a dual purpose. They allow the account holders to perform banking transactions through the ATM machine such as deposits, cash withdrawals and access account information.

Credit Cards: As the name suggests, credit cards are instruments that provide instant credit to cardholders. When a credit card is used for making a transaction, the amount is not deducted from the bank account but is provided as credit by the issuing bank. The cardholder is provided with a time period generally, a month, to pay back the amount to the bank.

Prepaid Cards: These are 'stored value' cards that are charged with a specific amount. The prepaid cardholder is allowed to transact for the value stored in the card. For example, if the card has a value of Rs.5000, once that value is used up for purchases, more value needs to be added to the card.

Guidelines for the use of banking cards

Instruments like debit, credit and prepaid cards indeed offer a high level of convenience while making transactions; however, all the same, it is also important to follow guidelines during their use.

- One must be observant while using an ATM card to withdraw cash. Ensure that there is no other person who may be watching while you enter the PIN
- Credit cards should be used only for convenience, and the cardholder must ensure to pay back the card dues in time to avoid heavy interest
- Banking cards must be kept very safe and not allowed to go into wrong hands to avoid misuse
- Card PIN numbers must not be shared with anyone

Various channels for acceptance of card-based digital Payments

Point of Sale (PoS)

PoS is a system that automatically keeps track of each sale transaction and the amount received from the customer. It also enables card-based transactions.

MPoS - Mobile Point of Sale

Unlike traditional PoS, mPoS provides great technological advantages. It is a mobile phone-based application that is designed for simple use by the merchant. With an extremely intuitive interface, the menus and functions on mPoS are easy to use.

Soft PoS

Soft PoS is an innovative payment acceptance segment, which uses 'Tap-on-Phone' technology. This technology allows merchants to accept payment from contactless cards directly on their Near Field Communication (NFC)-enabled android mobile devices via software-based payment application, without the requirement for any additional connected hardware.

E-commerce payment

Whenever there is a purchase of goods and services online through an electronic medium without the use of cash or cheques, it is known as e-commerce payment. You might have observed your parents purchasing things online using their smartphones with the help of a mobile application. That is a popular example of E-commerce.

E-commerce payment offers various benefits in the form of

- Security
- Efficiency
- Convenience
- User-friendliness

Automated Teller Machines (ATMs)

ATMs enable bank account holders to withdraw cash, check balances, and do other banking transactions at their own convenient time without the need for bank staff involvement.

ATM – Benefits to Customers

On the same lines, ATMs offer a host of benefits to the customers/account holders.

These include

1. Reduced visits to the bank branch
2. Shorter travel time as ATMs are situated nearby
3. Convenient access to cash 24x7
4. Additional services such as balance inquiry, mini statement, PIN change, etc.
5. With ATM being interoperable, customers can visit any bank ATM to withdraw cash, do balance inquiries, PIN changes, etc.

Modes of Digital Payments - Biometric Based

The objective of this section is to enable students to understand the significance of UIDAI and Aadhaar while also learning about Micro ATMs.

Unique Identification Authority of India (UIDAI)

The government of India has taken a strong step in the direction of securing digital transactions through the launch of the Unique Identification Authority of India (UIDAI). Launched as a statutory authority in the year 2016, the UIDAI initiative is aimed at issuing a unique identity document named 'Aadhaar' (also known as UID) to all citizens of India. UIDAI's key objective is to eliminate duplicate and fake identities, allowing for individual authentication and verification in an easy and cost-effective way.

Aadhaar Enabled Payment System (AePS)

AADHAAR ENABLED PAYMENT SYSTEM

Aadhaar Enabled Payment System (AePS) is a payment system operated by NPCI. AePS empowers a bank customer to access his/her Aadhaar enabled bank account to perform basic banking transactions like balance enquiry, cash deposit, cash withdrawal, mini statement & Aadhaar to Aadhaar fund transfers through a business correspondent. Aadhaar Enabled Payment System (AePS) is a payment system operated by NPCI.

Micro ATMs - a perfect solution for Rural and Hinterlands

Micro ATMs are handheld devices available with authorised banking correspondents (also known as bank Mitras) allowing Aadhaar holders to perform basic banking transactions. The fingerprint and/or Retina/ Iris of the customer are used to authenticate a customer. Micro ATMs are portable and can be carried anywhere in just one hand.

Modes of Digital Payments - Mobile Based Banking and Others

The objective of this section is to enable students to learn about the various forms of digital payments including internet banking, mobile banking, and digital platforms such as UPI and mobile wallets.

Internet Banking

Internet banking allows you to transact on your bank account over the internet using your laptop, tablet or smartphone. When you transfer an amount using Internet Banking, it can be done through different methods, including

- National Electronic Fund Transfer (NEFT)
- Real-Time Gross Settlement (RTGS)
- Immediate Payment Service (IMPS)

National Electronic Fund Transfer (NEFT)

National Electronic Funds Transfer (NEFT) is a nation-wide centralised payment system owned and operated by the Reserve Bank of India (RBI). The payment mode enables companies and individuals to transfer funds electronically to other companies and individuals.

The account holder needs to register the beneficiary account details such as account holder name, account type (savings etc.), account number and Indian Financial System Code (IFSC) which helps to identify individual bank branches.

Real-Time Gross Settlement (RTGS)

RTGS is a real-time settlement system that allows for fast processing of money transfers between any two accounts. 'Real Time' means the processing of instructions at the time they are received; 'Gross Settlement' means that the settlement of funds transfer instructions occurs individually. The payments made via RTGS are final and irrevocable.

The RTGS system is primarily meant for large value transactions. The minimum amount to be remitted through RTGS is Rs. 2,00,000/- with no upper limit.

Immediate Payment Service (IMPS)

IMPS
IMMEDIATE PAYMENT SERVICE

IMPS is a product made available by the National Payments Corporation of India (NPCI). It allows for 24x7 instant funds transfer service that can be accessed on multiple channels like Mobile, Internet, ATM and SMS.

The key feature of IMPS is that it is available at all times. The transaction fee for IMPS is nominal, and it allows a transfer limit of Rupees 2 lakhs per transaction.

Mobile Banking - Bank in Your Pocket

Most popular banks today offer the facility of Mobile Banking. It is offered in the form of a dedicated and secure app that provides the following key services:

- Checking the account balance
- Making funds transfers
- Bill payments and card payments
- Service requests such as ordering cheque books

Unified Payments Interface (UPI)

UPI
UNIFIED PAYMENTS INTERFACE

A system developed by the National Payments Corporation of India (NPCI), UPI helps combine the power of multiple bank accounts into one single mobile app. UPI helps in seamless fund routing and merchant payments. In addition, it also caters to the “Peer to Peer” collect request which can be scheduled and paid as per requirement and convenience.

QR Codes, an Easy Way to Pay

The UPI interface makes it extremely easy and convenient to make payments using the Quick Response codes or QR codes. When you accompany your parents to the market, you may have observed them making payments through QR codes. Let us see how that works:

- The customer scans the UPI QR placed at merchant locations / generated on PoS
- Customer verifies the transaction details like UPI ID, amount, merchant name, etc. and provides confirmation
- The UPI PIN needs to be entered
- Successful payment confirmation is received on the UPI App along with SMS confirmation on mobile

Mobile Wallets, the Smart Way to Make Payments

In today’s time, if a person walks out to the market without his cash and banking cards, yet he/she is able to purchase things of choice, how is that made possible? As the name suggests, a mobile wallet is a virtual wallet in the form of a mobile app that allows you to make purchases simply by scanning the QR code at the merchant establishment. A popular example of a mobile wallet in use today is PayTM.

Unstructured Supplementary Service Data (USSD)

Unstructured Supplementary Service Data (USSD) allows users without a smartphone or data/internet connection to use facilities such as mobile banking by using the *99# code. The key objective of this innovative technology is to allow financial inclusion of the less privileged sections of society and integrate them into mainstream banking.

Others - National Automated Clearing House – NACH (Earlier Known as Electronic Clearing Service)

NACH
NATIONAL AUTOMATED CLEARING HOUSE

The National Payments Corporation of India (NPCI) offers banks, financial institutions, Corporates and Government/s a service termed “National Automated Clearing House (NACH)” which includes both Debit and Credit. NACH (Debit) and NACH (Credit) aim at facilitating interbank high volume, debit/credit transactions, which are repetitive in nature, electronically using the NPCI service.

CONCLUSION

PoS is a system that automatically keeps track of each sale transaction and the amount received from the customer. Whenever there is a purchase of goods and services online through an electronic medium without cash or cheques, it is known as e-commerce payment. ATMs enable bank account holders to withdraw cash, check balances, and do other banking transactions at their own convenient time. Internet banking allows you to transact on your bank account over the internet using your laptop, tablet or smartphone.

QUESTIONS TO THE STUDENTS

Discuss and write the procedure for obtaining money from your debit card through an ATM machine.

5. MOBILE PAYMENT APP

Objectives

After this lesson, the student will be able to

- Digital Payment Applications
- Know how to use Payment Applications effectively

INTRODUCTION

A payment app or a mobile wallet is a mobile application that allows you to store your debit or credit card information that can be used to pay for goods and services in digital money instead of using physical cards or cash and also send money online to friends, family, or merchants in an instant.

Types of Payment Apps:

1. Paytm App
2. Google Pay
3. BHIM App
4. Phone Pay
5. Amazon Pay
6. MobiKwik
7. Pay U Money
8. Yono SBI

1. Paytm

It's one of the Indian e-commerce payment systems and a financial technology company whose headquarters is located in Noida, Uttar Pradesh. Paytm was founded by Vijay Shekhar Sharma. The company was initiated in August 2010. Paytm stands for Pay through mobile and it is India's largest mobile payments and commerce platform. It lets you transfer money instantly to anyone at zero cost using the Paytm Wallet. You can make cashless transactions at several places like taxis and autos, petrol pumps, grocery shops, restaurants, coffee shops, multiplexes, and many more. You can also use Paytm to pay for online recharges, utility bill payments, and book movie or travel tickets among other things on the Paytm app or website.

2. Google Pay

(stylized as G Pay) is a digital wallet platform and online payment system developed by Google to power in-app, online, and in-person contactless purchases on mobile devices, enabling users to make payments with Android phones, tablets, or watches. To make a purchase, a customer taps their mobile device on a point-of-sale terminal or chooses to pay in your mobile app. Google Pay responds with the customer's tokenized card and a cryptogram which acts as a one-time-use password.

3. Bharat Interface for Money (BHIM)

It is a payment app that lets you make simple, easy and quick transactions using the Unified Payments Interface (UPI). You can make direct bank payments to anyone on UPI using their UPI ID or scanning their QR with the BHIM app. You can also request money through the app from a UPI ID. BHIM is a unique payment solution that can be used without the internet as well!! You can dial *99# from any phone and avail the same features of BHIM on your mobile screen. You can also register for BHIM using *99#.

4. PhonePe

It is an Indian digital payment and financial technology company headquartered in Bengaluru, Karnataka, India. PhonePe was founded in December 2015. PhonePe is a mobile payment platform using which you can transfer money using UPI, recharge phone numbers, pay utility bills, etc. PhonePe works on the Unified Payment Interface (UPI) system and all you need is to feed in your bank account details and create a UPI ID.

5. Amazon Pay

Amazon Pay is an online payments processing service owned by Amazon. Launched in 2007, Amazon Pay uses the consumer base of Amazon.com and focuses on giving users the option to pay with their Amazon accounts on external merchant websites. It is a service that lets you use the payment methods already associated with your Amazon account to make payments for goods, services, and donations on third-party websites, in apps, and using Alexa. To make a payment, you can use any of the payment methods on file in your Amazon account.

6. MobiKwik

It's an Indian payment service provider founded in 2009 that provides a mobile phone-based payment system and digital wallet. Customers add money to an online wallet that can be used for payments.

7. Pay U Money

PayU is a Netherlands-based payment service provider to online merchants. The company was founded in 2002 and is headquartered in Hoofddorp. It allows online businesses to accept and process payments through payment methods that can be integrated with web and mobile applications.

8. Yono SBI:

YONO stands for "You Only Need One". Using the YONO App customers can integrate all their products & service from SBI bank accounts, SBI Card, SBI Mutual Fund, SBI Life Insurance, SBI General Insurance, and SBI Securities. YONO is an integrated digital banking platform offered by the State Bank of India to enable users to access a variety of financial and other services such as flight, train, bus and taxi bookings, online shopping, or medical bill payments. YONO is offered as a smartphone app for both Android and iOS.

CONCLUSION

From the following chapter you can able to understand the different types of mobile payment applications and how these Mobile payment Apps are used in our day to life and make our work simpler for doing transactions.

QUESTIONS TO THE STUDENTS

1. List any 3 Mobile payment Apps which used effectively by the people.

____

____

____

____

2. Discuss the Security features of various Mobile Payment Apps.

6 SAVINGS AND INVESTMENTS

Objectives

After this lesson, the student will be able to

- Learn the concept of savings and investment
- recognise the various investment alternatives
- Explain the concept of risk and return

INTRODUCTION

The money you earn is partly spent and the rest saved for meeting future expenses. Instead of keeping the savings idle, you may like to use savings in order to get returns on them in the future. This is called Investment.

Why should one invest?

One needs to invest to

- earn a return on your idle resources
- generate a specified sum of money for a specific goal in life
- make a provision for an uncertain future

Saving Meaning

Saving is referred to as that part of income that is not used for consumption, it is the act of keeping aside money that is required for later use.

In other words, savings can be defined as an amount that is left after meeting all the expenses from the disposable income of a person.

Investment Meaning

Investment is the process of buying an asset that is acquired with the purpose of generating income over a long period of time. It is done with saving to generate wealth and returns (or get greater returns).

The main purpose of investing is to create capital appreciation and investment can be done through instruments such as bonds, shares, mutual funds, etc.

Where to invest the surplus?

Investment in shares

Investment in the equity of a company involves buying shares of private and public companies. It is one of the most rewarding and at the same time volatile instruments for investing. When you invest in shares of a company, you become part-owner of the company and, hence, share both the profit and losses that the companies make. A return on investment in shares is obtained through dividends and share price appreciation. The market price of the share depends on the number of buyers and sellers of the share.

Bonds

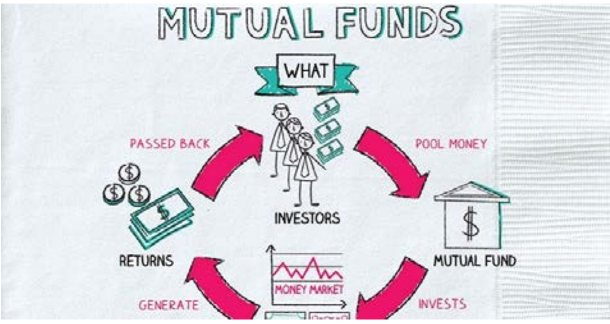
Bonds are issued to raise funds in the same way an individual borrows funds from banks. An individual has to hypothecate their assets with the bank as security in proportion to the demand for the loan. In case of failure of an individual to refund the money, the bank has the right to sell off these assets to recover its dues. A company issues certificates to bondholders while borrowing funds from individual investors. This is known as a bond certificate.

National Saving Certificates

National Saving Certificates are bonds issued by the central government with a tenure of six years and sold through post offices. Individuals including minors and trusts can invest in NSCs. They are issued in denominations ranging from Rs. 100 to 10,000. They offer an interest rate of 8% compounded half-yearly. The accumulated amount is paid on maturity. Premature encashment can be done after a period of three years after deducting some amount. It is eligible for a tax rebate under section 80c.

Mutual funds

Investors who desire to invest their funds in corporate securities lack information regarding the profiles of companies. Such investors can invest their funds in corporate securities through mutual funds. The pooled funds are invested by expert portfolio managers. They help the clients to invest in SIPs. Since mutual funds allow investment in numerous stocks, it enables investors to achieve broad diversification with an investment as low as Rs.500. Unit Trust of India was the first mutual fund set up in 1964. The main objective of the UTI was to mobilize the savings of the household sector.



Fixed Deposits

One of the oldest investment avenues in India is bank fixed deposits. It gives returns of 6%-8% per annum depending on the tenure. It is a safe investment device for those who do not have a risk appetite and have traditionally put their money in them.

Insurance

It is an investment-cum-risk management instrument. The objective of insuring one's life is to provide financial security to oneself and to the family members. A policy can be opted after evaluating one's needs.

Investment in agricultural land

Income from agricultural land may be in various forms like land rent and sale proceeds of agricultural produce. The value of agricultural lands has been highly appreciated in some parts of the country.

Farmhouse

Income can be generated by investment in farmhouses by giving them for rent or by selling the product of the agricultural land. A farmhouse is any building owned or occupied by a cultivator.

Urban land

Due to the increasing pressure of population on land, land prices has gone up all over the world. Investment in urban land can also be profitable.

Gold

It lends stability to the portfolio and acts as a hedge against inflation and is highly liquid.

Bars, coins and biscuits

Bars and coins can be purchased from jewellers or bullion traders. In the past few years, banks have started retailing 24-carat gold biscuits. It retains its purity and comes in tamper-proof covers. An individual can gain by selling the bars, coins and biscuits when there is a hike in gold prices

Gold Electronically Traded Funds (ETFs)

It is equivalent to 1 gram of gold, which are held electronically in the Demat form and traded on exchanges. They offer investors the advantage of security, convenience and liquidity. These products are regulated by SEBI and the risk is lower. Income from ETFs is treated as long-term capital gains and taxed at a lower rate if the holding period exceeds one year compared with three years as in the case of physical gold. Unlike physical gold, investors are assured transparency in pricing as there are no making charges or premium involved and units are traded on the exchange.

E-gold

It offers liquidity more than most gold. Each unit of e-gold is equivalent to one gram of physical gold and is held in the Demat account. It is the only form of paper gold that allows conversion to physical gold or dematerialisation. Offered by the National Spot Exchange Limited (NSEL), e-gold can be bought by setting up a trading account.

CONCLUSION

From the chapter, you can able to understand the difference between savings and investment and how savings has been converted into effective Investment. you can also identify what are the best investment alternatives available in our economy which give high returns with lower risk.

QUESTIONS TO THE STUDENTS

1. Do you have savings of any sort? Discuss among your friends the various ways in which you can save money effectively. List the options below.

____

____

____

____

7. PROJECT: VISIT ANY ONE NATIONALIZED BANK AND OPEN A BANK ACCOUNT

ACTIVITY 1

Visit any one nationalized bank nearby your locality and open a bank account.

8 PROCESS: PAN CARD AND DEMAT ACCOUNT DOCUMENTS

Objectives

After this lesson, the student will be able to

- learn how to apply for a PAN card and its uses
- List out the documents required for a DEMAT account

INTRODUCTION

PAN Card

Permanent Account Number or PAN is a means of identifying various taxpayers in the country. PAN is a 10-digit unique identification alphanumeric number (containing both alphabets and numbers) assigned to Indians, mostly to those who pay tax. The PAN system of identification is a computer-based system that assigns a unique identification number to every Indian tax-paying entity. Through this method, all tax-related information for a person is recorded against a single PAN number which acts as the primary key for the storage of information. This is shared across the country and hence no two people on tax paying entities can have the same PAN.

When PAN is allotted to an entity, PAN Card too is given by the Income Tax Department. While PAN is a number, PAN Card is a physical card that has your PAN as well as the name, date of birth (DoB), father's or spouse's name, and photograph. Copies of this card can be submitted as proof of identity or DoB.

DEMAT Account

A Demat Account or Dematerialised Account provides the facility of holding shares and securities in an electronic format. During online trading, shares are bought and held in a Demat Account, thus, facilitating easy trade for the users. A Demat Account holds all the investments an individual makes in shares, government securities, exchange-traded funds, bonds and mutual funds in one place.

Demat enabled the digitisation process of the Indian stock trading market and enforced better governance by SEBI. In addition, the Demat account reduced the risks of storing, theft, damage, and malpractices by storing securities in electronic format. It was first introduced in 1996 by NSE. Initially, the account opening process was manual, and it took investors several days to get it activated. Today, one can open a Demat account online in 5 mins.

ACTIVITY 1

Imagine like a major person and list the documents required to apply for a pan card and also define the process for applying for a PAN card.

QUESTIONS TO THE STUDENTS

Think like an Investor and mention the steps required for the process of applying for a DEMAT Account.

____

____

____

KWL CHART

Complete I learned columns of KWL chart now and check with your facilitator if you have any doubts.

ASSESSMENT

I. Choose The Best Answer

1. In ancient trade, before the development of currency, the commodity of exchange used was

   a) Coins b) livestock c) Money

2. In barter system, humans used to transact with the help of

   a) Money b) Card c) Goods

3. Which of the following account types is opened by business owners to meet their requirement for an unlimited number of cash deposits and withdrawals?

   a) Savings Account

   b) Current Account

   c) Fixed Deposit

4. For money withdrawal, a cheque must have
   a) Signature of Recipient
   b) PAN card no. of account holder
   c) Signature of account holder
5. Choose the correct benefit of ATM
   a) Increased convenience
   b) Increased time taken
   c) Increased risk of security
6. Choose the correct full form of NEFT
   a) National Electrical Fund Transfer
   b) National Electronic Funds Transfer
   c) Nationwide Electronic Fund Transact

II. Answer The Following

1. What is trade?
2. Define Currency.
3. List down the names of bank accounts
4. Describe cheque in two or three lines
5. Explain the various types of Bank Accounts
6. Describe the facilities available in Fixed deposits.
7. What is a mPoS?
8. List any two Do's and Don'ts of Digital Banking
9. How does UPI ID differ from BHIM?
10. Which Mobile Payment Application was introduced first in India?
11. Define Investment
12. Meaning of Saving

III. Answer The Following

1. Discuss- How do you get your payments when you are employed in an organisation?
2. If you have gone to the bank, you might have come across various terms some of which you might understand and may not understand. List the terms here and get an understanding from your teacher or parents.
3. Converse with your parents and find out what KYC details they submitted to the bank and How you can create your own KYC documents.
4. Describe ATM and its purpose
5. Explain the various modes of Digital Payment.
6. List any 3 Mobile payment Apps which used effectively by the people.
7. Discuss the Security features of various Mobile Payment Apps.
8. Explain the various investment avenues available.
9. Define the features of shares and its importance.