

“PAGPAPALAGO NG PERA”¹

Money Concept and Skill: Interest and Inflation

I. Objectives

At the end of the lesson, the student will be able to:

- A. Differentiate between “inflation” and “interest”.
- B. Explain how money deposited in a bank earns.
- C. Explain how inflation affects us on a daily basis.

II. Summary of Episode

Richie, together with Teemy and Rosa, introduces this episode by enumerating how people save their money. Among all of these, Richie points out that the best way to save is to deposit our money in the bank. It is convenient, safe and practical. Then together with Rosa and Teemy, Richie explains the banking process and how we and the bank earn when we deposit our money in the bank. He explains interest as the profit made by the bank when they use our money. Part of this profit is added to our money in the bank. Inflation is the decline in the value of our money because of the increase in prices of commodities. Richie explains inflation further using the price increase of hamburger. With his 100 pesos, he could buy 2 pieces of burgers in 1990, but now, he can only buy one. The same thing happens to pandesal. It has the same price but only for half the original size. In the end, Richie stresses the importance of money saving.

III. Suggested Activities

A. Pre-viewing

- Who among you have bank accounts? How did you open one? Do you know what happens to your money in the bank?
- What can you buy with 500 pesos? If you were in the province/city (whatever is appropriate), would you know what you can buy with 500 pesos? Compare the difference of the worth of 500 pesos in different areas. In which place can your money purchase more items or services?

Ask students who have the chance to go back to their provinces to relate the difference in the prices of food and everyday things. Compare the difference with prices in the city.

B. Post-viewing

- What do “inflation” and “interest” mean?
- How does your money in the bank earn interest?
- Why is it important to understand inflation? How does this affect your savings in the bank? How are we affected by inflation?

¹ Interest vs. Inflation

Activities

1. **Banking 101:** Invite a resource person, a banker, who can explain to the class the banking process. Or if possible, bring the class to a nearby bank and hold the short lecture there.
2. **Interest vs. Inflation:** Give them math problems on interest rates and inflation, e.g. they compute how much interest they can earn, given a certain amount of money in the bank, after a certain period of time (*for Grades 5-6*)
3. Since it is the last episode of this set, it would be a good time to review the different money concepts and skills they have learned so far. Prepare flashcards. Each card has one money skill or concept printed on it such as “saving” “expenses” “inflation” and so on. Then, print their corresponding meaning or explanation on another card. Do this for all the concepts you want to review. Have each student pick a card. Each will read their card aloud and whoever thinks their card “matches” this concept or explanation will have to pair- up. Once a match is found, there can be further discussion/review on the topic.

IV. Values Integration: Wise investment

Banking is one of the investment institutions we can use to augment our savings. A financially literate person knows that depositing his or her money in the bank can be very advantageous. Recall the story of Pedro (episode 5: Kayamanan) who did not own much but deposited his savings in the bank for 7 years and earned 10,000 pesos. When we deposit our money in the bank, it remains intact since we avoid spending it. Furthermore, its interest accumulates when we do not withdraw our money. When students learn early in life the importance of proper money management, they will be grateful that they learned this lesson in this episode of “Estudyantipid”.