



# **CORE COMPETENCIES** for **FINANCIAL EDUCATION**

**Kindergarten**  
**Basic Education**  
**Secondary Education**  
**Adult Learning and Training**







# CORE COMPETENCIES FOR FINANCIAL EDUCATION

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KINDERGARTEN  
BASIC EDUCATION  
SECONDARY EDUCATION  
ADULT LEARNING AND TRAINING



GOVERNO DE  
PORTUGAL

MINISTÉRIO DA EDUCAÇÃO  
E CIÊNCIA



ANQEP  
AGÊNCIA NACIONAL  
PARA A QUALIFICAÇÃO E O  
ENSINO PROFISSIONAL, I.P.

Title

Core Competencies for Financial Education in Kindergarten, Basic Education, Secondary Education and Adult Learning and Training

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Publisher

Ministry of Education and Science

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Design

Manuela Lourenço (DGE)

Date

2013

ISBN

978-972-742-364-4

Printing

Banco de Portugal - Administrative Services Department, Documentation, Editing and Museum Division, Editing and Publishing Unit

Number of copies

50

Legal Deposit no

362124/13

The Core Competencies for Financial Education were approved by order of the Secretary of State of Basic and Secondary Education, João Henrique Grancho, on 30/05/2013.



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# Introduction

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According to the Organisation for Economic Co-operation and Development (OECD) (2006)<sup>1</sup>, Financial Education is the process by which financial consumers improve their understanding of financial products and concepts and develop the skills and confidence to become more aware of financial risks and opportunities, make informed choices, know where to go for help and adopt behaviour that improves their financial well-being.

The general public, as consumers, regularly face personal finance decisions. In the last few years these decisions have become progressively harder, due to the increased complexity and diversity of financial products and services, while access to these products is increasingly widespread. As a result, consumers must acquire economic and financial knowledge and skills to help them choose the best options.

According to Orton (2007)<sup>2</sup>, financial literacy consists of specific knowledge relating to money, economics or financial matters and decisions that the individual may make on those matters. Thus financial literacy may be defined as the ability to read, analyse, manage and communicate about the personal financial conditions that affect material well-being. It also includes the ability to discern financial choices, discuss money and financial issues without discomfort, plan for the future, and respond competently to life events that affect everyday financial decisions, including events in the general economy.

Financial Education in Portugal must be approached as life-long learning, as it is in other European Union and/or OECD countries, starting with children and young school-age people.

The importance of Financial Education in schools stems chiefly from the fact that children and young people are increasingly becoming consumers at an earlier age, and specifically consumers of financial products and services. Also financial decisions throughout life increasingly require in-depth mastery of information and knowledge in the financial area, due to the growing complexity of the financial products and services available in the market.

Within the education system, Financial Education allows young people to acquire the key knowledge and skills for the decisions that they will make in the future about their personal finances, while having a multiplier effect on information and training within families. The learning of topics relating to money and personal finance, and the development of technical capabilities and behaviours, allows children and young people to act in an informed way and protects them against financial and other related problems in the future.

Introducing Financial Education in schools immediately raises the question of what approach to take for its implementation. It would be difficult to take a one-size-fits-all approach (one subject, one training module, one course, one project, one seminar, one conference, one book...) to educate young people to be more "financially capable". Even after identifying the target (children, young people or adults), or the education type (formal or informal), the methodology would have to be diversified, as Financial Education is a transversal and multi-disciplinary subject within citizenship education.

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<sup>1</sup> Policy Brief: *The Importance of Financial Education*. (2006). OCDE

<sup>2</sup> Orton, L. (2007). *Financial literacy: Lessons from international experience*. Canadá: Canadian Policy Research Networks Inc.

In addition to several Financial Education methodologies, there is also a large set of institutions, associations and specialists in the subject which provide a plethora of resources to consumers and teaching professionals.

## Core Competencies for Financial Education

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Due to the importance of promoting and implementing Financial Education and considering the educational and training context for children, young people and adults, the Ministry of Education and Science (MES) associated itself with the Portuguese National Plan for Financial Education, a 2011 initiative of the National Council of Financial Supervisors (CNSF), comprised of *Banco de Portugal* (BdP - Central Bank of Portugal), *Comissão de Mercado de Valores Mobiliários* (CMVM - Portuguese Securities Market Commission) and *Instituto de Seguros de Portugal* (ISP – Portuguese Insurance and Pension Funds Supervisory Authority). The Portuguese National Plan for Financial Education intends to contribute to increase the level of financial knowledge of the population and to promote the adoption of appropriate financial behaviours, comprising the introduction of Financial Education into schools from kindergarten to adult education, using materials adapted to the various age-ranges and school levels<sup>3</sup>.

Thus the Ministry of Education and Science, represented by the *Direção Geral de Educação* (DGE - Directorate-General for Education) and *Agência Nacional para a Qualificação e o Ensino Profissional, I.P.* – (ANQEP - National Agency for Qualification and Vocational Education and Training), in conjunction with the CNSF, drew up these Core Competencies for Financial Education (CCFE) as guidelines for implementing Financial Education within learning and training context.

Financial Education is one of the Citizenship Education subjects, cutting across the curriculum in accordance with the guiding principles laid down in Decree-Law No 139/2012 of 5 July. Thus the CCFE may be used by teachers working in any curricular or extracurricular subject, at all teaching levels and types<sup>4</sup>.

The CCFE are flexible and non-prescriptive, and were drawn up to serve as a benchmark for implementing Financial Education in schools. They can be used in very diverse contexts, in their entirety or partially, as part of Citizenship Education, as part of the development of projects and initiatives that contribute to personal and social student training or as part of the range of complementary curricular components in the 2nd and 3rd stages of basic education (i.e. for 10 to 15-year-olds).

In kindergarten, they must be integrated into the curricular guidelines in force for that education level, while in the 1st stage of basic education (i.e. for 6 to 10-year-olds) they may also be incorporated into the extracurricular subjects (School Projects and Citizenship Education), provided for in the above-mentioned Decree-Law.

The CCFE define the essential requirements for students to acquire knowledge, learn and develop skills within Financial Education, which is key for young people and adults in today's society.

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<sup>3</sup> In May 2011, a protocol was signed between the then Ministry of Education and Banco de Portugal, which among other things provides for the definition of Core Competencies for Financial Education (CCFE) for kindergarten, basic and secondary education and adult learning and training.

<sup>4</sup> Article 3 (m) of Decree-Law No 139/2012 of 5 July.



The teachers, trainers and others interested in operating an educational resource (lecture, seminar, workshop, support material, project, course, etc.) in the Financial Education area must use the Core Competencies as a mainstay, while also abiding by the *Principles for Financial Education Initiatives*<sup>5</sup>.

The CCFE were drawn up in order to guide Financial Education. It now falls to the various interested parties to implement them.

## Core Competencies

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### Organisation and Structure

The CCFE are structured into education levels and teaching stages – kindergarten, 1st, 2nd and 3rd stages of basic education and secondary education. Drawn up as a coherent whole, the CCFE follow a common structure, with various parts presenting a specific approach to Financial Education for each education level. The CCFE have also been drawn up as a guidance document for adult learning and training.

General topics were identified containing subtopics. Goals were set for each of the latter which are duly defined through performance attributes. These attributes comprise knowledge, skills, attitudes/values and behaviour needed to achieve the goal.

The general topics and subtopics for each of the education levels and teaching stages are deemed appropriate for the learning level and age-range of the students involved. When a topic appears in all or multiple education levels, it may be treated in greater depth at the more advanced levels, with subtopic attributes taking on different complexity levels. However, even where the attributes have the same wording, the complexity of the approach used should increase according to the age-ranges and knowledge of Financial Education students. Apart from the adult learning and training section, the CCFE use Roman numerals for subtopics, goals and attributes to illustrate their frequency, progression and complexity.

The reason for repeating the topics, subtopics and attributes across multiple education levels is to reflect the fact that in certain situations Financial Education may only begin after a given school stage.

Given that the CCFE promote key, cross-cutting citizenship knowledge and skills in the financial area, a set of Short-Term Training Units (STTU) was created to implement them within adult learning and training. The STTU are based on topics, subtopics and goals defined in the CCFE and they are integrated into the National Catalogue of Qualifications (NCQ), as a "Financial Education programme".

With a goal of strategic management of non-higher qualifications, the NCQ has been established as the only benchmarking instrument for learning and training and competency recognition, validation and certification.

These Financial Education STTU are not included in any training core competencies associated with a given qualification, and may be developed within a specific training programme. The main methodologies used to design the NCQ training benchmarks were followed when drawing up the STTU. Thus, each STTU has the following fields: name, training hours, learning goals and training contents.

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<sup>5</sup> Principles for Financial Education Initiatives (2012), National Council of Financial Supervisors (Central Bank of Portugal, Portuguese Securities Market Commission and the Portuguese Insurance and Pension Funds Supervisory Authority).

Table I

## Knowledge, skills, attitudes/values and behaviour to be developed as part of Financial Education

TOPICS	KNOWLEDGE/SKILLS/ATTITUDES/VALUES AND BEHAVIOUR
<b>Budget Planning and Management</b>	<p>Students will understand that resources are limited while needs/desires tend to be unlimited. Just as natural resources are limited, so is the income available to purchase goods and services. In this context, individuals cannot access all the goods and services they want and, therefore, must prioritise their spending.</p> <p>Students will be able to put that knowledge into use to identify income and expenses and, based on that information, make choices.</p> <p>As regards budget planning and management, students will be able to draw up a budget taking into account their means and objectives.</p>
<b>Financial System and Basic Products</b>	<p>Students will understand the importance of the financial system and know the basic financial products and services, including bank accounts, means of payment used on a daily basis, loans and insurance. They will also understand the concepts of interest and inflation, as well as the role of banks and of the capital market. They will also understand the role of insurance in protection against risk.</p> <p>Students will be able to put that knowledge into use to identify which means of payment are best suited to each type of transaction, basic products used to invest savings, forms of access to credit and ways to prevent risks.</p> <p>As regards the financial system and basic products, students will be able to critically analyse and compare financial products.</p>
<b>Savings</b>	<p>Students will understand the importance of saving, which is the process of deferring current consumption for future consumption/investment. They will understand that saving makes it possible to achieve various goals (acquisition of durable goods, precaution for the future, accumulation of wealth), and that the decision to save may be influenced by economic factors – disposable income – and psychological factors – perceived uncertainty about the future. They will also understand that there are many ways to invest their savings, to which various return and risk rates are associated.</p> <p>Students will be able to put that knowledge into use to identify different financial products for the savings and their return and risks, and to identify savings needs taking into account future goals.</p> <p>As regards savings, students will be able to determine/assess/adopt savings-oriented behaviour and assess possible ways to invest savings.</p>
<b>Credit</b>	<p>Students will understand the concepts of credit, debt and debt service to income ratio, as well as the advantages and costs of taking out loans and the consequences of arrears. They will understand the need to compare alternatives and assess costs (interest and other charges).</p> <p>Students will be able to put that knowledge into use to assess and compare credit products, identify alternatives to borrowing and understand the risks associated with overindebtedness.</p> <p>As regards borrowing and indebtedness, students will be able to adopt sound behaviour when borrowing.</p>
<b>Ethics</b>	<p>Students will understand that ethics are important in financial matters and the seriousness of certain types of behaviour.</p> <p>Students will be able to put that knowledge into use to identify and distinguish between correct and incorrect behaviour in financial matters.</p> <p>As regards ethics, students will be able to lead their life according to the appropriate behaviour, always taking into account individual and social issues.</p>
<b>Rights and Duties</b>	<p>Students will understand that financial consumers have rights and duties and that the various financial products and services are monitored by regulators.</p> <p>Students will be able to put that knowledge into use to identify their rights and duties as financial consumers.</p> <p>As regards rights and duties, students will be able to act according to their rights and duties.</p>

Table II

### Topics, subtopics and goals across education levels and teaching stages

TOPICS	SUBTOPICS	GOALS	Kinder- garten	1 <sup>st</sup> stage	2 <sup>nd</sup> stage	3 <sup>rd</sup> stage	Secondary	
<b>Budget Planning and Management</b>	Needs and Desires	Understand the difference between what is a need and what is superfluous	X	X	X	X	X	
	Expenditure and Income	Relating expenditure to income	X	X	X	X	X	
	Risk and uncertainty	Assess risks and uncertainty in financial planning		X	X	X	X	
	Planning	Highlight the importance of medium and long-term planning				X	X	
<b>Financial System and Basic products</b>	Means of payment	Describe various means of payment	X	X	X	X	X	
	Bank accounts	Understand how demand deposits work		X	X	X	X	
	Loans	Describe loans		X	X	X	X	
	Financial system	Describe features of the financial system			X	X		
		Understand how the financial system works					X	X
Insurance	Describe insurance		X	X	X	X		
<b>Savings</b>	Goals of savings	Know what savings are and their goals	X	X	X	X	X	
	Investment of savings	Understand ways of investing savings and savings returns			X	X	X	
<b>Credit</b>	Financial needs and capabilities	Describe financial needs and capabilities				X	X	
	Costs of credit	Identify different costs of credit				X	X	
	Credit-related responsibilities	Understand the responsibilities arising from borrowing				X	X	
<b>Ethics</b>	Ethics and social responsibility regarding financial matters	Understand the importance of ethics regarding financial matters		X	X	X	X	
<b>Rights and Duties</b>	Financial information	Know that there are rights and duties relating to financial matters		X	X	X	X	
	Fraud prevention	Know how to protect against financial fraud				X	X	

Table III

## Topics, subtopics and contents presented in Short-Term Training Units (STTU)

CORE COMPETENCIES FOR FINANCIAL EDUCATION Topics, subtopics and contents		Adult Learning and Training					
		STTU for adults that have completed at least the 1 <sup>st</sup> stage of basic education				STTU for adults that have completed at least the 3 <sup>rd</sup> stage of basic education	
		Household budget planning and management	Basic financial products	Savings – basic concepts	Credit and Indebtedness	Financial system	Savings and Investment of savings
Budget planning and management/Expenditure and income/Risks and Uncertainty	Definition	X					
	Sources of income	X					
	Short-term vs. long-term needs	X					
	Expenditure made with household income	X					
	Necessary vs. superfluous expenses	X					
	Fixed vs. variable expenses	X					
	Optional vs. variable expenses	X					
	Balance	X					
	Budget	X		X			
	Priorities	X		X			
	Gross vs. net income	X					
	Unexpected situations that affect household income	X					
	Emergency fund included in the budget	X					
	Medium and long-term objectives	X					
Multi-year budgeting	X						
Financial system and basic products/Means of payment/Bank accounts and deposits/Loans/Financial system/Insurance	Banknotes and coins	X				X	
	Official currency					X	
	Exchange rate					X	
	Means of payment and inherent costs	X					
	Debit cards	X	X				
	Demand deposit account	X	X				
	Account movements and balance	X					
	Credit card	X	X				
	Bank loan		X		X	X	
	The Eurosystem					X	
	Roles of banks					X	
	Remote financial services		X			X	
	Interest rate			X	X	X	X
	Payment and receipt of interest				X		
	Real vs. nominal interest rate						X
	Securities traded on stock markets		X	X		X	X
	Capital market participants			X		X	
Securities portfolio, return and risks		X	X		X	X	
Insurance and coverage		X	X		X	X	
Price of insurance and associated risks		X	X		X	X	
Credit	Financial needs and capabilities when borrowing		X		X		
	Costs of credit		X		X	X	
	Fixed vs. variable interest rate		X		X	X	
	Purposes of borrowing		X		X		
	Types of institution that lend				X	X	
	Concept of reference rate and spread				X	X	
	Other loan charges		X		X		
	Annual percentage rate vs. annual percentage rate of charge		X		X	X	
	Responsibilities to repay credit				X		
	List of credit responsibilities				X		
Collateral, risks and consequences of arrears		X		X			

## Topics, subtopics and contents presented in Short-Term Training Units (STTU)

CORE COMPETENCIES FOR FINANCIAL EDUCATION Topics, subtopics and contents		Adult Learning and Training					
		STTU for adults that have completed at least the 1 <sup>st</sup> stage of basic education				STTU for adults that have completed at least the 3 <sup>rd</sup> stage of basic education	
		Household budget planning and management	Basic financial products	Savings – basic concepts	Credit and Indebtedness	Financial system	Savings and Investment of savings
Savings	Goals and precaution against risk			X			X
	Investment of savings			X			X
	Return and risks associated with investing savings			X			X
	Gross vs. net annual nominal rate			X		X	X
	Simple vs. compound interest			X		X	X
	Criteria for selecting financial products for investing savings			X		X	X
Ethics	Appropriate behaviour regarding money		X			X	
Rights and duties	Consumers' rights and duties		X			X	
	Financial system regulators		X			X	





# CORE COMPETENCIES FOR FINANCIAL EDUCATION

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## **KINDERGARTEN** (up to 6 years old)

Topics

Subtopics

Goals

Performance Attributes





## KINDERGARTEN (up to 6 years old)

### Topics, Subtopics, Goals and Performance Attributes

---

#### Budget Planning and Management

##### Needs and Desires (I)

1. Understand the difference between what is a need and what is superfluous (I)
  1. Differentiate between "needing" and "wanting". (I)
  2. Identify necessary and superfluous expenditure. (I)
  3. Understand that spending more than necessary may compromise one's ability to meet future needs. (I)
  4. Exemplify situations where excessive spending may compromise future consumption. (I)

##### Expenditure and Income (I)

2. Relate expenditure to income (I)
    1. Relate expenditure to income. (I)
    2. Know that income has to have an origin. (I)
    3. Learn the concept of expenditure. (I)
    4. Learn that you have to "have" money so that you can "spend" it. (I)
- 

#### Financial System and Basic Financial Products

##### Means of Payment (I)

1. Describe various means of payment (I)
    1. Identify euro banknotes and coins. (I)
    2. Understand that euro banknotes and coins are used to buy goods. (I)
    3. Simulate payments and give back change with banknotes and coins. (I)
    4. Know that the euro is the official currency of Portugal. (I)
- 

#### Savings

##### The Goals of Savings (I)

1. Know what savings are and their goals (I)
  1. Relate savings to the possibility to acquire goods. (I)
  2. Identify situations where having savings offers advantages. (I)





# CORE COMPETENCIES FOR FINANCIAL EDUCATION

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## **1<sup>st</sup> STAGE OF BASIC EDUCATION** (6 to 10-year-olds)

**Topics**

**Subtopics**

**Goals**

**Performance Attributes**



## 1<sup>st</sup> STAGE OF BASIC EDUCATION (6 to 10-year-olds)

### Topics, Subtopics, Goals and Performance Attributes

---

#### Budget Planning and Management

##### Needs and Desires (II)

###### 1. Understand the difference between what is a need and what is superfluous (II)

1. Differentiate between "needing" and "wanting". (II)
2. Distinguish between necessary and superfluous expenditure, with examples. (I)
3. Distinguish between short and long-term needs. (I)
4. Distinguish between consumption that brings instant reward and consumption that brings more lasting satisfaction, with examples. (I)
5. Understand that spending more than is necessary may compromise one's ability to meet future needs, with examples. (I)
6. Recognise impulse buying. (I)
7. Live "within one's means". (I)

##### Expenditure and Income (II)

###### 2. Relate expenditure to income (II)

1. Understand the concept of income. (I)
2. List sources of income. (I)
3. Distinguish between expenditure made with household income and with pocket money, with examples. (I)
4. Establish the relationship between income and expenditure, and understand the concept of balance. (I)
5. Draw up a budget, identifying income and expense items and deriving the resulting balance. (I)
6. Make decisions in the knowledge that income is limited. (I)

##### Risk and Uncertainty (I)

###### 3. Assess risks and uncertainty in financial planning (I)

1. Identify unexpected situations that may affect household income. (I)
  2. Understand the need to set aside an emergency fund in the household budget. (I)
- 

#### Financial System and Basic Financial Products

##### Means of Payment (II)

###### 1. Describe various means of payment (II)

1. Understand money as a means of payment. (I)
2. Simulate payments and give back change with banknotes and coins. (I)
3. Know that the euro is the official currency of Portugal and other European countries and that other currencies exist, associating them with their respective countries. (I)

4. Understand the importance of banknotes and coins for acquiring goods. (I)
5. Understand the history of money. (I)
6. Learn how debit cards and ATMs work. (I)
7. Identify operations that can be performed through the ATM network. (I)

### **Bank Accounts (I)**

#### **2. Understand how demand deposits work (I)**

1. Know what a demand deposit is. (I)
2. List reasons for having a bank account. (I)

### **Loans (I)**

#### **3. Describe loans (I)**

1. Understand what a bank loan is. (I)
2. Give examples of purposes of borrowing. (I)

### **Financial System (I)**

#### **4. Describe features of the financial system(I)**

1. Understand what a bank is. (I)
2. Give examples of the roles of banks (taking deposits, providing loans, handling electronic payments and bank transfers, etc.). (I)

### **Insurance (I)**

#### **5. Describe insurance (I)**

1. Understand what insurance is. (I)
2. Give examples of insurance (school insurance, motor vehicle insurance, etc.). (I)

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## **Savings**

### **The Goals of Savings (I)**

#### **1. Know what savings are and their goals (II)**

1. Understand savings as a way of achieving long-term goals. (I)
2. Calculate savings needs to buy a given good or to accumulate wealth over a specific time period. (I)
3. Understand the role of savings as a precaution against risk, to address predicted and unpredicted fluctuations in income or expenditure. (I)

## Ethics

### Ethics and social responsibility regarding financial matters (I)

- 1. Understand the importance of ethics regarding financial matters (I)**
    1. Understand the seriousness of misleading or fraudulent behaviour regarding financial matters. (I)
    2. Identify appropriate behaviour regarding money. (I)
- 

## Rights and Duties

### Financial information (I)

- 1. Know that there are rights and duties relating to financial matters (I)**
  1. Give examples of consumers' rights and duties. (I)
  2. Know that one has a right to clear and transparent information. (I)
  3. Give examples of information that must be transmitted to the consumer purchasing a given financial good or service. (I)







# CORE COMPETENCIES FOR FINANCIAL EDUCATION

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## **2<sup>nd</sup> STAGE OF BASIC EDUCATION** (10 to 12-year-olds)

**Topics**

**Subtopics**

**Goals**

**Performance Attributes**



## 2<sup>nd</sup> STAGE OF BASIC EDUCATION (10 to 12-year-olds)

### Topics, Subtopics, Goals and Performance Attributes

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#### Budget Planning and Management

##### Needs and Desires (III)

1. Understand the difference between what is a need and what is superfluous (III)
  1. Understand the difference between "needing" and "wanting". (III)
  2. Distinguish between necessary and superfluous expenditure, with examples. (II)
  3. Distinguish between short and long-term needs. (II)
  4. Distinguish between consumption that brings instant reward and consumption that brings more lasting satisfaction, with examples. (II)
  5. Understand that spending more than is necessary may compromise one's ability to meet future needs, with examples. (II)
  6. Recognise impulse buying. (II)
  7. Live "within one's means". (II)

##### Expenditure and Income (III)

2. Relate expenditure to income (III)
  1. Understand the concept of income. (II)
  2. Identify different sources of income. (I)
  3. Distinguish between expenditure made with household income and with pocket money, with examples. (II)
  4. Distinguish between fixed and variable expenditure. (I)
  5. Establish a relationship between income and expenditure, and understand the concept of balance. (II)
  6. Draw up a budget, identifying income and expense items and deriving the resulting balance. (II)
  7. Make decisions in the knowledge that income is limited. (II)

##### Risk and Uncertainty (II)

3. Assess risks and uncertainty in financial planning (II)
  1. Identify unexpected situations that may affect household income. (II)
  2. Understand the need to set aside an emergency fund in the household budget. (II)
  3. Draw up a household budget that includes an emergency fund. (I)

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#### Financial system and basic financial products

##### Means of Payment (III)

1. Describe various means of payment (III)
  1. Understand the roles of money (means of payment, unit of account and store of value). (I)

2. Know that the euro is the official currency of Portugal and other European countries and that other currencies exist, associating them with their respective countries. (II)
3. Understand the importance of banknotes and coins for acquiring goods. (II)
4. Understand the history of money. (II)
5. Understand how a debit card works and its link to a bank account. (I)
6. Identify operations that can be performed through the ATM network. (II)

### Bank Accounts (II)

2. Understand how demand deposits work (II)
  1. Know what a demand deposit is. (II)
  2. Identify the main advantages of having a demand deposit and the inherent costs. (I)
  3. Identify various kinds of account movements that increase or decrease the balance of a demand deposit. (I)
  4. Calculate an account's final balance, using the initial balance and a set of account movements. (I)

### Loans (II)

3. Describe loans (II)
  1. Understand what a bank loan is. (II)
  2. Understand different purposes of borrowing. (I)

### Financial System (II)

4. Describe features of the financial system (II)
  1. Understand what a bank is. (II)
  2. Give examples of the roles of banks (taking deposits, providing loans, handling electronic payments and bank transfers, etc.). (II)
  3. Understand what an interest rate is. (I)
  4. Identify situations in which interest is paid or earned. (I)

### Insurance (II)

5. Describe insurance (II)
  1. Understand what insurance is. (II)
  2. Give examples of insurance (school insurance, motor vehicle insurance, etc.). (II)

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## Savings

### The Goals of Savings (III)

#### 1. Know what savings are and their goals (III)

1. Understand savings as a way of achieving long-term goals. (II)
2. Calculate savings needs to buy a given good or to accumulate wealth over a specific time period. (II)
3. Understand the role of savings as a precaution against risk, to address predicted and unpredicted fluctuations in income or expenditure. (II)

### Investment of Savings (I)

#### 2. Understand ways of investing savings and associated returns (I)

1. Understand that investment of savings has returns. (I)
  2. Calculate the return on a savings investment, using the interest rate. (I)
- 

## Ethics

### Ethics and social responsibility regarding financial matters (II)

#### 1. Understand the importance of ethics regarding financial matters (II)

1. Understand the seriousness of misleading or fraudulent behaviour regarding financial matters. (II)
  2. Identify appropriate behaviour regarding money. (II)
- 

## Rights and Duties

### Financial information (II)

#### 1. Know that there are rights and duties relating to financial matters (II)

1. Know that there is legislation covering consumers of goods and services in general and consumers of financial products in particular. (I)
2. Give examples of consumers' rights and duties. (II)
3. Know that one has a right to clear and transparent information. (II)
4. Give examples of information that must be transmitted to the consumer purchasing a given good or service, in particular with regard to the basic features of financial products. (I)
5. Recognise the right to file a complaint, identifying situations justifying a complaint. (I)
6. Identify entities that accept complaints. (I)





# CORE COMPETENCIES FOR FINANCIAL EDUCATION

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## **3<sup>rd</sup> STAGE OF BASIC EDUCATION** (12 to 15-year-olds)

**Topics**

**Subtopics**

**Goals**

**Performance Attributes**





## 3<sup>rd</sup> STAGE OF BASIC EDUCATION (12 to 15-year-olds)

### Topics, Subtopics, Goals and Performance Attributes

#### Budget Planning and Management

##### Needs and Desires (IV)

1. Understand the difference between what is a need and what is superfluous (IV)
  1. Think about the difference between "needing" and "wanting". (I)
  2. Distinguish between necessary and superfluous expenditure, with examples. (III)
  3. Distinguish between short and long-term needs. (III)
  4. Distinguish between consumption that brings instant reward and consumption that brings more lasting satisfaction, with examples. (III)
  5. Understand that spending more than is necessary may compromise one's ability to meet future needs, with examples. (III)
  6. Recognise impulse buying. (III)
  7. Live "within one's means". (III)

##### Expenditure and Income (IV)

2. Relate expenditure to income (IV)
  1. Understand the concept of income. (III)
  2. Identify different income sources (salaries; rent; pensions; subsidies; gifts; income from capital; and other remunerations). (I)
  3. Distinguish between fixed and variable expenditure. (II)
  4. Establish the relationship between income and expenditure, and understand the concept of balance. (III)
  5. Draw up a budget, identifying income and expense items and deriving the resulting balance. (III)
  6. Set appropriate priorities for a given income level. (I)
  7. Distinguish between gross and net income, calculating net income from gross and vice versa, given taxes and social security contributions. (I)
  8. Make decisions in the knowledge that income is limited. (III)

##### Risk and Uncertainty (III)

3. Assess risks and uncertainty in financial planning (III)
  1. Identify unexpected situations that may affect household income. (III)
  2. Understand the need to set aside an emergency fund in the household budget. (III)
  3. Draw up a household budget that includes an emergency fund. (II)

##### Planning (I)

4. Highlight the relevance of medium and long-term planning (I)
  1. Plan using medium and long-term goals. (I)
  2. Draw up multi-year budgets, that contemplate income and expenditure forecasts and the creation of a savings fund. (I)

## Financial System and Basic Financial Products

### Means of Payment (IV)

1. Describe various means of payment (IV)
  1. Understand the roles of money (means of payment, unit of account and store of value). (II)
  2. Know that the euro is the official currency of Portugal and other European countries and that other currencies exist, associating them with their respective countries. (III)
  3. Understand what an exchange rate is. (I)
  4. Convert amounts expressed in euro into other currencies and vice versa. (I)
  5. Define money from the economic viewpoint. (I)
  6. Understand the history of money. (III)
  7. Understand how a debit card works and its link to a demand deposit account. (I)
  8. Identify operations that can be performed through the ATM network. (III)
  9. List various ways of making payments and the inherent costs. (I)
  10. Understand how a credit card works. (I)
  11. Recognise the right way of using a credit card. (I)

### Bank Accounts (III)

2. Understand how demand deposits work (III)
  1. Know what a demand deposit is. (III)
  2. Identify the main advantages of having a demand deposit and the inherent costs. (II)
  3. Identify various account movements as either debits or credits. (I)
  4. Calculate an account's final balance, using the initial balance and a set of account movements. (II)
  5. Read a bank statement. (I)

### Loans (III)

3. Describe loans (III)
  1. Understand what a bank loan is. (III)
  2. Understand different purposes of borrowing. (II)
  3. Understand the advantages and responsibilities of borrowing. (I)
  4. Identify the inherent costs of borrowing. (I)
  5. Identify entities that lend. (I)

### Financial System (III)

4. Understand how the financial system works (I)
  1. Understand what a bank is. (III)
  2. Provide examples of banks' functions and understand their role in financial intermediation. (I)
  3. Identify various kinds of financial institutions, with examples of their main functions. (I)

4. Define interest rates, with examples in which interest is paid or earned. (I)
5. Define inflation, distinguishing between real and nominal interest rates. (I)
6. Calculate the real interest rate using the nominal interest rate and the inflation rate. (I)
7. Understand the role of the European Central Bank in the issuance of currency. (I)
8. Understand what the stock market is, identifying traded securities and market participants. (I)

### Insurance (III)

5. Describe insurance (III)
  1. Define insurance as the hedging of risk through mutualisation. (I)
  2. Understand insurers' means of risk transfer (coinsurance and reinsurance). (I)
  3. Give examples of insurance distinguishing between compulsory and optional coverage. (I)
  4. Understand the relationship between the price of insurance and the associated risk. (I)
  5. Understand the role of insurance companies and insurance intermediaries. (I)

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## Savings

### The Goals of Savings (IV)

1. Know what savings are and their goals (IV)
  1. Understand savings as a way of achieving long-term goals. (III)
  2. Calculate savings needs to buy a given good or to accumulate wealth over a specific time period. (III)
  3. Understand the role of savings as a precaution against risk, to address predicted and unpredicted fluctuations in income or expenditure. (III)

### Investment of Savings (II)

2. Understand ways of investing savings and associated returns (II)
  1. Understand that investment of savings has returns. (II)
  2. Identify the main features of a time deposit. (I)
  3. Calculate the net return of a savings investment, given the gross annual nominal rate and the tax rate. (I)
  4. Calculate the net return of a savings investment, given the gross annual nominal rate and the tax rate. (I)
  5. Identify various savings products and their main features (time deposits, shares, bonds, investment funds, pension funds and insurance). (I)
  6. Relate risk, return and liquidity associated to the savings products. (I)
  7. Recognise that investing savings in diversified financial instruments may reduce the risk to savings. (I)
  8. Compare financial products based on various objective criteria. (I)

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## Credit

### Financial needs and capabilities (I)

1. Describe financial needs and capabilities (I)
  1. Understand the concept of debt. (I)
  2. Know how to assess financial needs and capabilities when borrowing. (I)
  3. Know how to calculate and assess the debt service to income ratio. (I)
  4. Consider alternatives to getting into debt taking into account the advantages and disadvantages of borrowing. (I)
  5. Identify the different purposes of borrowing linking to the types of loans available. (I)

### Costs of credit (I)

2. Identify different costs of credit (I)
  1. Identify factors affecting the cost of credit. (I)
  2. Distinguish between loans with fixed and variable interest rates. (I)
  3. Define the concepts of reference rate and spread, identifying Euribor as the most common reference rate. (I)
  4. Identify loan charges other than interest. (I)
  5. Compare credit offerings based on appropriate criteria (interest rate, maturity, fees, insurance costs, etc.). (I)

### Credit-related responsibilities (I)

3. Understand the responsibilities arising from borrowing (I)
  1. Identify the responsibility to repay credit, in particular in the case of joint loans. (I)
  2. Know how to interpret the list of credit responsibilities. (I)
  3. Identify the role of guarantor and the responsibility it brings in the case of credit arrears. (I)
  4. Assess the risk and consequences of arrears. (I)

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## Ethics

### Ethics and social responsibility regarding financial matters (III)

1. Understand the importance of ethics regarding financial matters (III)
  1. Understand the seriousness of misleading or fraudulent behaviour regarding financial matters. (III)
  2. Identify appropriate behaviour regarding money. (III)
  3. Understand that decisions on personal finances have an impact on the individual, the family and society. (I)

## Rights and Duties

### Financial information (III)

1. Know that there are rights and duties relating to financial matters (III)
  1. Know that there is legislation covering consumers of goods and services in general and consumers of financial products in particular. (II)
  2. Give examples of consumers' rights and duties. (III)
  3. Give examples of information that must be transmitted to the consumer purchasing a given good or service, in particular with regard to the basic features of financial products. (II)
  4. Identify the terms and conditions of a financial product contract. (I)
  5. Know how to file a complaint, identifying entities that accept complaints. (I)
  6. Understand the need to assess information on financial products and services. (I)
  7. Identify the regulators of various financial products. (I)

### Fraud prevention (I)

2. Know how to protect against financial fraud (I)
  1. Know the importance of protecting personal data and codes. (I)
  2. Identify different types of financial fraud and know how to protect oneself. (I)
  3. Understand the risks of e-commerce. (I)
  4. Understand the preventive measures regarding fraud protection. (I)





# CORE COMPETENCIES FOR FINANCIAL EDUCATION

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## **SECONDARY EDUCATION** (15 to 18-year-olds)

**Topics**

**Subtopics**

**Goals**

**Performance Attributes**





## SECONDARY EDUCATION (15 to 18-year-olds)

### Topics, Subtopics, Goals and Performance Attributes

#### Budget Planning and Management

##### Needs and Desires (V)

###### 1. Understand the difference between what is a need and what is superfluous (V)

1. Think about the difference between "needing" and "wanting". (II)
2. Distinguish between necessary and superfluous expenditure, with examples. (IV)
3. Distinguish between short and long-term needs. (IV)
4. Distinguish between consumption that brings instant reward and consumption that brings more lasting satisfaction, with examples. (IV)
5. Understand that spending more than necessary may compromise one's ability to meet future needs, with examples. (IV)
6. Recognise impulse buying. (IV)
7. Live "within one's means". (IV)

##### Expenditure and Income (V)

###### 2. Relate expenditure to income (V)

1. Understand the concept of income. (IV)
2. Identify different income sources (salaries; rent; pensions; subsidies; gifts, income from capital and other remuneration). (II)
3. Distinguish between fixed and variable expenditure. (III)
4. Establish the relationship between income and expenditure, and understand the concept of balance. (IV)
5. Draw up a budget, identifying income and expense items and deriving the resulting balance. (IV)
6. Set appropriate priorities for a given income level. (II)
7. Distinguish between gross and net income, calculating net income from gross and vice versa, given taxes and social security contributions. (II)
8. Make decisions in the knowledge that income is limited. (IV)

##### Risk and Uncertainty (IV)

###### 3. Assess risks and uncertainty in financial planning (IV)

1. Identify unexpected situations that may affect household income. (IV)
2. Understand the need to set aside an emergency fund in the household budget. (IV)
3. Draw up a household budget that includes an emergency fund. (III)

##### Planning (II)

###### 4. Highlight the relevance of medium and long-term planning (II)

1. Plan using medium and long-term goals. (II)
2. Draw up multi-year budgets, that contemplate income and expenditure forecasts and the creation of a savings fund. (II)

## Financial System and Basic Financial Products

### Means of Payment (V)

1. Describe various means of payment (V)
  1. Know that the euro is the official currency of Portugal and other European countries and that other currencies exist, associating them with their respective countries. (IV)
  2. Understand what an exchange rate is. (II)
  3. Convert amounts expressed in euro into other currencies and vice versa. (II)
  4. Calculate the euro value of payments made and received expressed in other currencies. (I)
  5. Define money from the economic viewpoint. (II)
  6. Identify and differentiate between money's various roles, showing its superiority to alternatives. (I)
  7. Understand the history of money. (IV)
  8. Understand how a debit card works and its link to a demand deposit account. (II)
  9. Identify operations that can be performed through the ATM network. (IV)
  10. List various ways of making payments and the inherent costs. (II)
  11. Understand how a credit card works, and how it can be a way of getting into debt. (I)
  12. Recognise the right way of using a credit card. (II)

### Bank Accounts (IV)

2. Understand how demand deposits work (IV)
  1. Know what a demand deposit is. (IV)
  2. Identify the main advantages of having a demand deposit and the inherent costs. (III)
  3. Identify various account movements as either debits or credits. (II)
  4. Calculate an account's final balance, using the initial balance and a set of account movements. (III)
  5. Read a bank statement. (II)
  6. Understand the concept of a demand deposit overdraft and the inherent costs. (I)
  7. Recognise the role of the bank account for financial and social inclusion. (I)

### Loans (IV)

3. Describe loans (IV)
  1. Understand what a bank loan is. (IV)
  2. Understand different purposes of borrowing. (III)
  3. Understand the advantages and responsibilities of borrowing. (II)
  4. Identify the inherent costs of borrowing. (II)
  5. Identify entities that lend. (II)

## Financial System (IV)

4. Understand how the financial system works (II)
  1. Understand what a bank is. (IV)
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  3. Identify various kinds of financial institutions, with examples of their main functions. (II)
  4. Define interest rates, with examples in which interest is paid or earned. (II)
  5. Define inflation, distinguishing between real and nominal interest rates. (II)
  6. Calculate the real interest rate using the nominal interest rate and the inflation rate. (II)
  7. Understand the role of the European Central Bank in the issuance of the currency. (II)
  8. Describe the role of the ECB in price stability. (I)
  9. Understand what the stock market is, identifying traded securities and market participants. (II)
  10. Identify the roles of the various participants in the capital markets. (I)
  11. Assess the income and risk of different securities. (I)
  12. Define securities portfolios, with a focus on return and risk. (I)

## Insurance (IV)

5. Describe insurance (IV)
  1. Define insurance as the hedging of risk through mutualisation. (II)
  2. Understand insurers' means of risk transfer (coinsurance and reinsurance). (II)
  3. Give examples of insurance distinguishing between compulsory and optional coverage. (II)
  4. Understand the relationship between the price of insurance and the associated risk. (II)
  5. Understand insurance coverage. (I)
  6. Understand the role of insurance companies and insurance intermediaries. (II)

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## Savings

### The Goals of Savings (V)

1. Know what savings are and their goals (V)
  1. Understand savings as a way of achieving long-term goals. (IV)
  2. Calculate savings needs to buy a given good or to accumulate wealth over a specific time period. (IV)
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### Investment of Savings (III)

2. Understand ways of investing savings and associated returns (III)
  1. Understand that investment of savings has returns. (III)

2. Identify the main features of a time deposit. (II)
  3. Calculate the net return of a savings investment, given the gross annual nominal rate and the tax rate. (II)
  4. Distinguish between simple and compound interest. (II)
  5. Identify various savings products and their main features (time deposits, shares, bonds, investment funds, pension funds and insurance). (II)
  6. Relate risk, return and liquidity associated to the savings products. (II)
  7. Recognise that investing savings in diversified financial instruments may reduce the risk to savings. (II)
  8. Compare financial products based on various objective criteria. (II)
- 

## Credit

### Financial needs and capabilities (II)

1. Describe financial needs and capabilities (II)
  1. Understand the concept of debt. (II)
  2. Know how to assess financial needs and capabilities when borrowing. (II)
  3. Know how to calculate and assess the debt service to income ratio. (II)
  4. Consider alternatives to getting into debt taking into account the advantages and disadvantages of borrowing. (II)
  5. Identify the different purposes of borrowing linking to the types of loans available. (II)
  6. Know that there are various financing options for businesses (equity and debt capital). (I)

### Costs of credit (II)

2. Identify different costs of credit (II)
  1. Identify factors affecting the cost of credit. (II)
  2. Distinguish between loans with fixed and variable interest rates. (II)
  3. Define the concepts of reference rate and spread, identifying Euribor as the most common reference rate. (II)
  4. Identify loan charges other than interest. (II)
  5. Define the annual percentage rate and the annual percentage rate of charge. (I)
  6. Compare credit proposals based on appropriate criteria (interest rate, maturity, fees, insurance costs, etc.). (II)

### Credit-related responsibilities (II)

3. Understand the responsibilities arising from borrowing (II)
  1. Identify the responsibility to repay credit, in particular in the case of joint loans. (II)
  2. Know how to interpret the list of credit responsibilities. (II)
  3. Identify the role of guarantor and the responsibility it brings in the case of credit arrears. (II)
  4. Assess the risk and consequences of arrears. (II)

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## Ethics

### Ethics and social responsibility regarding financial matters (IV)

1. Understand the importance of ethics regarding financial matters (IV)
    1. Understand the seriousness of misleading or fraudulent behaviour regarding financial matters. (IV)
    2. Identify appropriate behaviour regarding money. (IV)
    3. Understand that decisions on personal finances have an impact on the individual, the family and society. (II)
- 

## Rights and Duties

### Financial information (IV)

1. Know that there are rights and duties relating to financial matters (IV)
  1. Know that there is legislation covering consumers of goods and services in general and consumers of financial products in particular. (III)
  2. Give examples of consumers' rights and duties. (IV)
  3. Give examples of information that must be transmitted to the consumer purchasing a given good or service, in particular with regard to the basic features of financial products. (III)
  4. Identify the terms and conditions of a financial product contract. (II)
  5. Know how to file a complaint, identifying entities that accept complaints. (II)
  6. Understand the need to assess information on financial products and services. (II)
  7. Identify the regulators of various financial products. (II)

### Fraud prevention (II)

2. Know how to protect against financial fraud (II)
  1. Know the importance of protecting personal data and codes. (II)
  2. Identify different types of financial fraud. (II)
  3. Understand the risks of e-commerce. (II)
  4. Understand the preventive measures regarding fraud protection. (II)





# CORE COMPETENCIES FOR FINANCIAL EDUCATION

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## ADULT LEARNING AND TRAINING

Financial Education Programme





## ADULT LEARNING AND TRAINING

## Financial Education Programme

## National Catalogue of Qualifications

Short-Term Training Units (STTU) based on the  
Core Competencies for Financial Education

Programme	Code	STTU	Hours	Minimum access conditions
Financial education	STTU 1	Household budget planning and management	25	1 <sup>st</sup> stage
	STTU 2	Basic financial products	50	1 <sup>st</sup> stage
	STTU 3	Savings – Basic concepts	25	1 <sup>st</sup> stage
	STTU 4	Credit and indebtedness	50	1 <sup>st</sup> stage

Programme	Code	STTU	Hours	Minimum access conditions
Financial education	STTU 5	Financial system	25	3 <sup>rd</sup> stage
	STTU 6	Savings and investment of savings	50	3 <sup>rd</sup> stage

Minimum access conditions – 1<sup>st</sup> stage

STTU 1	HOUSEHOLD BUDGET PLANNING AND MANAGEMENT	25 TRAINING HOURS
GOALS	<ul style="list-style-type: none"> <li>▪ Draw up a household budget, identifying income and expense items and deriving the resulting balance.</li> <li>▪ Distinguish between fixed and variable expenditure and necessary and superfluous expenditure.</li> <li>▪ Distinguish between short and long-term goals.</li> <li>▪ Assess risks and uncertainty in financial planning and identify uncertainty factors regarding income and expenditure.</li> <li>▪ Use of demand deposit accounts and means of payment.</li> </ul>	

## CONTENTS

- Household budget
  - Sources of income: salaries, pensions, subsidies, interest and dividends, rents
    - Deductions from income: taxes and social security contributions
    - Distinction between gross and net income
  - Types of expenditure:
    - Fixed expenditure (e.g. house rent, school fees, loan instalments)
    - Priority variable expenditure (e.g. food)
    - Non-priority variable expenditure
  - The concept of balance as the relation between income and expenditure
- Budget planning
  - Distinction between short and long-term goals
  - Calculation of savings needs to meet long-term goals
  - Savings
- Uncertainty factors
  - Regarding income (e.g. unemployment, divorce, wage reduction, promotion)
  - Regarding expenditure (e.g. illness, accident)
- Precaution
  - Setting aside an "emergency fund" to address unforeseen situations
  - Importance of insurance (e.g. accident, health)
- Demand deposit accounts
  - Opening of a demand deposit account: identification requirements
  - Type of account: individual, jointly or severally held
  - Account movements and balance: available balance, accounting balance and authorised balance
  - Ways to control account movements and balance
  - Maintenance costs
  - Authorised overdrafts: advantages and costs
- Means of payment
  - Banknotes and coins
  - Cheques: types (e.g. crossed cheques and cheques not to order) and endorsement
  - Direct debits: standing debit orders, cancellation
  - Bank transfers
  - Debit cards
  - Credit cards

STTU 2	BASIC FINANCIAL PRODUCTS	50 TRAINING HOURS
GOALS	<ul style="list-style-type: none"> <li>▪ Distinguish between demand deposits and time deposits.</li> <li>▪ Pinpoint the difference between credit and debit cards.</li> <li>▪ Describe the main types of loans offered to household customers by credit institutions.</li> <li>▪ Describe the main types of insurance.</li> <li>▪ Identify financial consumers' rights and duties.</li> <li>▪ Describe several types of fraud.</li> </ul>	

## CONTENTS

- **Demand deposits vs. time deposits:**
  - Remuneration and liquidity
  - Characteristics of time deposits: remuneration (concepts of gross annual nominal rate, net annual nominal rate, average gross annual nominal rate), additional deposits and withdrawal
  - The Deposit Guarantee Fund
- **Bank cards: debit cards, credit cards, deferred debit cards, mixed cards**
- **Types of bank loans: mortgage loans, personal loans, car loans (classic vs. leasing), credit cards, overdraft facilities**
  - Main characteristics: repayment regime, rate regime, revolving credit
  - Concepts: loan amount, instalment, annual nominal interest rate, annual percentage rate and annual percentage rate of charge
  - Cost of credit: interest, fees, expenses, insurance and taxes
- **Types of insurance: motor vehicle (civil liability vs. own damage), work accidents, fire, life, health**
  - Main characteristics: compulsory vs. optional insurance, cover, premium, risk declaration, accident reporting, settlement of the claim (motor vehicle insurance), contract termination
  - Concepts: insurance policy, premium, capital insured, multi-risk, insurance policyholder vs. insured person, insurance excess, grace period, indemnity principle, redemption, reversal; and within motor vehicle insurance: green card, drafting of an accident report, policy cancellation document, direct indemnity to the insured person
- **Types of investment products: shares, bonds, investment funds and pension funds**
  - Receipt and execution of orders
  - Securities registration and deposit
  - Investment advice
- **Purchasing remote financial services: internet, telephone**
- **Financial consumers' rights and duties**
  - Financial institutions' regulators
  - Legislation protecting consumers of financial products and services
  - Right to complain and ways of filing complaints
  - Right to information before, during and after entering into a contract (e.g. price lists, standardised information sheets, contract drafts, contract copies and statements of account)
  - Duty to provide true and comprehensive information
- **Acquisition of financial products as a contract between the financial institution and the consumer**

- Precautions against fraud
  - Institutions authorised to carry on financial activity
  - Most common frauds with financial products (e.g. phishing, banknote counterfeiting, inappropriate use of cheques and cards) and warning signs
  - Personal data and code protection
  - Entities to be contacted in case of fraud or suspected fraud

STTU 3	SAVINGS - BASIC CONCEPTS	25 TRAINING HOURS
GOALS	<ul style="list-style-type: none"> <li>▪ Recognise the importance of savings in pursuit of life purposes.</li> <li>▪ Use various basic financial mathematical skills to support financial decision-making.</li> <li>▪ Relate risk to return using this relationship as a tool to support investment decision-making.</li> <li>▪ Identify the features of various financial products where savings can be invested.</li> <li>▪ Identify elements of comparison for financial products.</li> </ul>	

## CONTENTS

- Savings
  - Importance of savings in the life cycle: means to accommodate income and expenditure fluctuations, address unforeseen situations, achieve long-term goals and accumulate wealth
  - Savings' basic behaviour (e.g. draw up a budget, ration low-priority expenditure, get family members involved, check and use discounts, etc.)
- Interest basic concepts
  - Simple and compound interest regime
  - Nominal vs. real interest rate
  - Nominal vs. effective interest rate
- Relationship between risk and return
  - Expected return, risk and liquidity
- Features of selected financial products
  - Time deposits (e.g. type of remuneration, interest rate, maturity, withdrawal before maturity)
  - Savings certificates (e.g. remuneration, withdrawal)
  - Treasury bonds (e.g. coupon rate, maturity, redemption amount, nominal value)
  - Corporate bonds (e.g. coupon rate, maturity, redemption amount, nominal value)
  - Shares
    - Value of a share and value of a company
    - Costs associated with share investments (custody, deposit and stock market fees)
    - Aspects to consider when investing in shares
- Investment funds: concept and basic notions
- Life insurance (scope of coverage, real cost, reduction and redemption, minimum guaranteed income, profit participation, tax system concepts)
- Pension funds
  - Pension funds vs. pension plans
  - Most relevant types: retirement/education savings plans.
- Other assets: foreign currency, gold, etc.

STTU 4	CREDIT AND INDEBTEDNESS	50 TRAINING HOURS
GOALS	<ul style="list-style-type: none"> <li>▪ Define the concept of debt and debt service to income ratio.</li> <li>▪ Assess costs of credit.</li> <li>▪ Compare alternative credit proposals.</li> <li>▪ Describe rights and duties associated with borrowing.</li> </ul>	

## CONTENTS

- **Borrowing: advantages and disadvantages of debt**
- **Financing needs and purposes of borrowing (e.g. housing loan, car loan, healthcare loan, education loan)**
- **Loan charges: interest, fees, expenses, insurance and taxes**
  - Concept of annual nominal rate, annual percentage rate and annual percentage rate of charge
  - Main types of fees: initial, monthly, early repayment, arrears
  - Life insurance and credit protection insurance
- **Loan repayment**
  - Loan maturity: fixed, revolving, short term, long term
  - Repayment options and monthly instalment concept
  - Deferred and grace periods for principal repayment
- **Fixed-rate and variable-rate loans**
  - Advantages, disadvantages and relationship between interest rate regime and value
  - Reference interest rate and spread
  - Key determinants of reference interest rate movements and setting of spreads
- **Loan elements**
  - Relationship between instalment value, interest rate and maturity
  - Relationship between loan amount, maturity and total interest to be paid
  - Relationship between changes in interest rate and monthly instalment
- **Mortgage credit and consumer credit (personal loans, car loans, credit cards, credit lines and overdraft facilities)**
  - Main characteristics
  - Provision of information before, during and after entering into a credit agreement
  - Early repayment of loans
  - Consumer credit agreement right of withdrawal
- **Classic car loan vs. leasing: ownership regime and compulsory insurance**
- **Revolving credit: credit cards, credit lines and overdraft facilities**
  - Forms of use, payment types and associated costs
- **Relevant criteria for comparing different credit offers**
  - Solvency assessment: credit risk concept
  - Available income, fixed expenditure and debt service to income ratio
  - Value and type of collateral (e.g. mortgage and pledge, backing and guarantee, insurance)
  - List of credit responsibilities
- **Types of institutions that lend and credit intermediaries (e.g. point-of-sale credit)**
- **Role and responsibilities of guarantors**

- **Responsibility in joint loans repayment**
- **Consequences of credit arrears: default interest, credit history, pledge of assets, foreclosure and insolvency**
- **Overindebtedness: how to avoid it and where to turn for help**

### Minimum access conditions – 3<sup>rd</sup> stage

STTU 5	FINANCIAL SYSTEM FUNCTIONING	25 TRAINING HOURS
GOALS	<ul style="list-style-type: none"> <li>▪ Describe the role of banks in financial intermediation.</li> <li>▪ Identify the functions of a central bank.</li> <li>▪ Identify the functions of the capital market.</li> <li>▪ Identify the functions of insurance.</li> <li>▪ Explain how the financial system works.</li> </ul>	

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- **The role of banks in financial intermediation (i.e. as deposit takers and providers of financing for the economy)**
- **The role of central banks**
  - The role of the European Central Bank and the objective of price stability: interest rate and inflation rate
  - The functions of money
  - Reference interest rates (e.g. Euribor, key ECB interest rate)
  - Foreign currencies and exchange rate
- **Capital market functions**
  - Capital market funding as an alternative to bank financing
  - Offering of investment products by the capital market (shares, bonds and investment funds)
  - Types of financial services: receipt and execution of orders; securities registration and deposit; investment advice; trading platforms
  - Portfolio management concepts
- **Insurance functions**
  - Compensation for losses
  - Risk prevention
  - Creation of savings
  - Guarantee
- **Types of authorised financial institutions (e.g. banks, credit financial institutions, insurance companies, insurance intermediation companies, pension fund management companies, investment fund management companies, brokers and dealers)**
- **The financial system's role in technological innovation and investment financing**

STTU 6	SAVINGS AND INVESTMENT OF SAVINGS	50 TRAINING HOURS
GOALS	<ul style="list-style-type: none"> <li>▪ Recognise the importance of planning savings.</li> <li>▪ Distinguish evaluation criteria for the evaluation of financial products.</li> <li>▪ Compare financial products in terms of goals.</li> <li>▪ Select savings investments according to goals.</li> </ul>	

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- **Savings**
  - Importance of savings in the life cycle: means to accommodate income and expenditure fluctuations, address unforeseen situations, achieve long-term goals and accumulate wealth
  - Savings basic behaviour (e.g. draw up a budget, ration low-priority expenditure, get family members involved, check and use discounts, etc.)
- **Basic concepts of financial mathematics**
  - Simple and compound interest regime
  - Nominal vs. real interest rate
  - Nominal, effective and equivalent interest rates
  - Financial rents
- **Relationship between risk and return**
  - Relationship between risk and return
  - Risk types and management
- **Features of some financial products**
  - Time deposits (e.g. type of remuneration, interest rate, maturity, withdrawal before maturity)
  - Savings certificates (e.g. return, redemption)
  - Treasury bonds (e.g. coupon rate, maturity, redemption amount, nominal value)
  - Corporate bonds (e.g. coupon rate, maturity, redemption amount, nominal value)
  - Shares
    - Value of a share and value of a company
    - Costs associated with share investments (custody, deposit and stock market fees)
    - Aspects to consider when investing in shares
    - Investment funds
    - Harmonised funds vs. non-harmonised funds; closed funds vs. open funds
    - Types of investment funds: special investment funds; retirement-savings funds; funds of funds; bond funds; share-savings funds; cash funds; money market funds; mixed funds; flexible funds
    - Other collective investment undertakings: real estate investment funds; securitisation funds; risk capital funds
    - Investment funds subscription charges (subscription, redemption and management fees)
  - Life insurance (scope of coverage, real cost, reduction and redemption, minimum guaranteed income, profit participation, tax system concepts)
  - Pension funds
    - Pension funds vs. pension plans

- Classification of pension funds/pension plans: closed vs. open; group membership (contributive vs. non-contributive) vs. individual membership; defined contribution vs. defined benefit
- Most relevant types: retirement/education savings plans
- Benefits: pension vs. capital, deferral, portability, acquired rights prediction
- Other assets: foreign currency, gold, etc.
- Financial products
  - Savings in pursuit of goals
  - Liquidity, risk and return
  - Gross return vs. net return
  - Performance evaluation measures
  - The role of research







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