

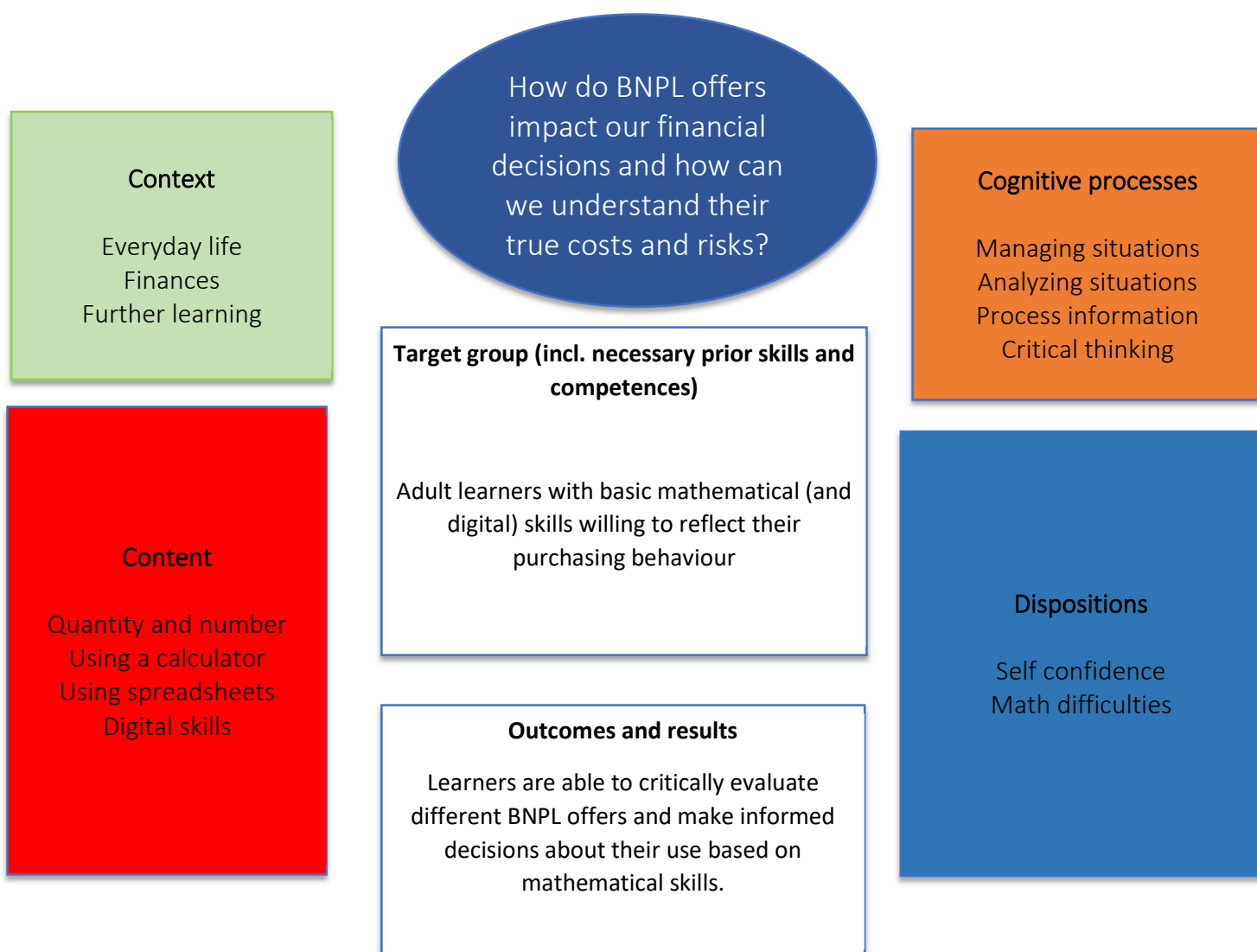
Take the risk?

Buy now – pay later (BNPL)

We are increasingly encountering offers such as “Buy Now, Pay Later” (BNPL) in everyday life. This payment option makes it possible to receive products immediately but pay later.

While this may seem attractive at first glance, it harbors risks such as unmanageable debt, high interest rates for late payment and a deterioration of the personal financial situation. This lesson sequence is designed to promote a critical approach to such offers and help learners to see through the mathematical aspects behind the tempting offers.

Overview “Buy now – pay later”



Main information

Content	Quantity and number: addition and subtraction, also with large number Using a calculator (to verify results) Using digital skills (spreadsheets or online-tools to track expenses)
Target group	Adult learners with basic mathematical (and digital) skills willing to reflect their purchasing behavior
Learning intention	What is the intention of adults to face this problem? <ul style="list-style-type: none"> Numeracy for personal and private purposes
Duration	Approx. 3 lessons
Material and resources	<ul style="list-style-type: none"> Videos, news articles on how BNPL works (see appendix 1 for examples) Situations and scenarios to analyse costs (see appendix 2 for examples) Handout on advantages and disadvantages of payment methods (see appendix 3) Computer, internet, beamer
Group size	Up to 10 learners
Problem statement	When shopping (online), the choice is between paying immediately or using a BNPL option. This last option seems appealing since the object of interest can be used right away without immediate payment. Thus, the hidden costs and risks as well as the impact on future finances are often forgotten or subconscious.
Working questions	<ul style="list-style-type: none"> What does BNPL mean and what are the resulting financial obligations? How do different interest rates and terms affect the total cost of a BNPL offer? How can I identify and evaluate possible risks and hidden costs? How can I have an overview of my financial situation? What critical questions should be asked before using a BNPL offer to make an informed decision?
Learning outcomes and results	Learners are able to critically evaluate different BNPL offers. Learners make informed decisions about their use based on mathematical skills.



Working plan

Time (lessons)	Description of content/activities	Material	Methodical and didactic information ¹
20 minutes	<p>Activation: Group discussion</p> <p>The teacher engages a discussion on purchasing behaviour and routines among the learners:</p> <ul style="list-style-type: none"> • Do you (often) do online shopping? • Are you familiar with “Buy now, pay later” as a payment method? How does it work? • Do you personally use BNPL options? In which cases? Why (not)? • ... 		<p>Questioning</p> <p>Cognitive activation</p>
30 minutes	<p>Activity: Exploration</p> <p>Understanding the benefits and risks of different kinds of paying solutions is important for financial literacy. “Buy Now, Pay Later” (BNPL) has emerged as a popular payment method, especially for online shopping. Together with the teacher, the learners explore how BNPL works, its advantages for consumers and the crucial considerations regarding penalties and debt management.</p> <p>This exploring activity can be supported by different material and methods, just as videos, news articles, experience reports or statistical data.</p>	→ see appendix 1 for examples and inspiration	<p>Setting goals</p> <p>Metacognitive strategies</p>
30 minutes	<p>Activity: Analysis</p> <p>In small groups, the students analyze different situations or scenarios to discover differences between and possible risks of payment options. The findings are discussed in plenum.</p>	→ see appendix 2 for examples and inspiration	<p>Hands on learning</p> <p>Collaborative learning</p>

¹ for description and explanation of kinds of tasks, HITs and other background information please consult the teacher’s/user’s guide



30 minutes	<p>Activity: Pros and cons analysis The learners (in pair work) identify advantages and disadvantages of different payment options. The results are shared in plenum and, if needed, discussed.</p>	Handout → see appendix 3	Hands on learning Collaborative learning
30 minutes	<p>Transfer As a consumer, knowing the risks of "pay after" services is important for wise financial decision-making and will prevent people from potential financial pitfalls.</p> <p>To help the learners reflect their purchasing behavior and transfer the content of the lesson to their very personal situations, the teacher may arise the following questions for revision and reflection:</p> <ol style="list-style-type: none"> a. List down at least three advantages of using BNPL for online shopping. b. Identify at least three potential risks or downsides associated with BNPL. c. Reflect on how these pros and cons could impact your personal financial situation. 		Feedback Metacognitive strategies Reflection



Suggestions for the teacher/user

The example presented here should be considered as exemplary and inspirational material presenting a guideline with a high range of possibilities of adapting those suggestions to a specific group of learners or an individual learner with his or her very personal requirements.

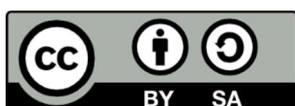
In concrete terms, the example (Buy now – pay later) could be adapted these ways:

- **Duration:** Depending on the learners' interest and experiences the duration of this example can vary significantly. In the activation phase, there are perhaps several terms which have to be clarified.
- **Individualization:** Depending on the prior skills of the learners, teachers and trainers may need different materials for different subgroups of learners, as presented in appendix 2, for example. It may also be necessary to guide some learners through the activation phase, whereas other learners might be very familiar with these situations and questions.
- **Dispositions taken into account:** Talking about money and shopping behavior is a sensitive matter. It is therefore also possible to address the topic only through fictional examples. The learners can make the transfer what they have learned on their own outside the classroom.

Our educational activities aim at numeracy skills being not only memorized, but first of all being practiced and functionally used by the learners in daily life or/and vocational situations. It is therefore recommended to implement the idea of HITS² (higher impacts of teaching skills) as far and often as possible: ...

- ... work with concrete and authentic material that learners will recognize from everyday life situations. As for our example, it will meet the learners' world and realities.
- ... ask the learners questions and let them raise questions themselves. It can be crucial to discuss numeracy themes, contexts and numbers. As already mentioned above, the discussion about shopping behavior and possible effects on the personal financial situation might be embarrassing for some learners. Talking about the topic requires careful consideration and sensitivity.
- ... think of possible ways of transfer: The learners are reflecting on their shopping behavior and financial situation. They become more aware of potential financial problems and may be able to resolve them.

² for description and explanation of kinds of tasks, HITS and other background information please consult the user's guide/teacher's guide



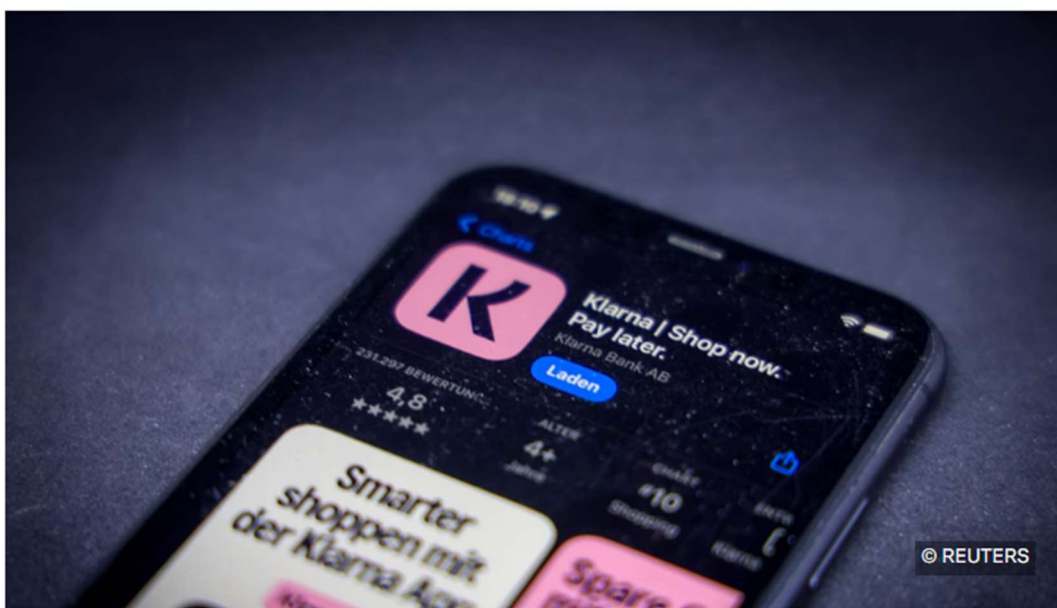
Appendix 1

Possible material to help the learners explore the concept of BNPL as well as the possible risks

Jetzt kaufen, später bezahlen

Ratenzahlungs-Apps Klarna und Riverty endlich für Minderjährige gesperrt

Von Ruben Koops · Juni 20, 2024 · Aktualisiert: 20. Juni 2024



RTL Nachrichten

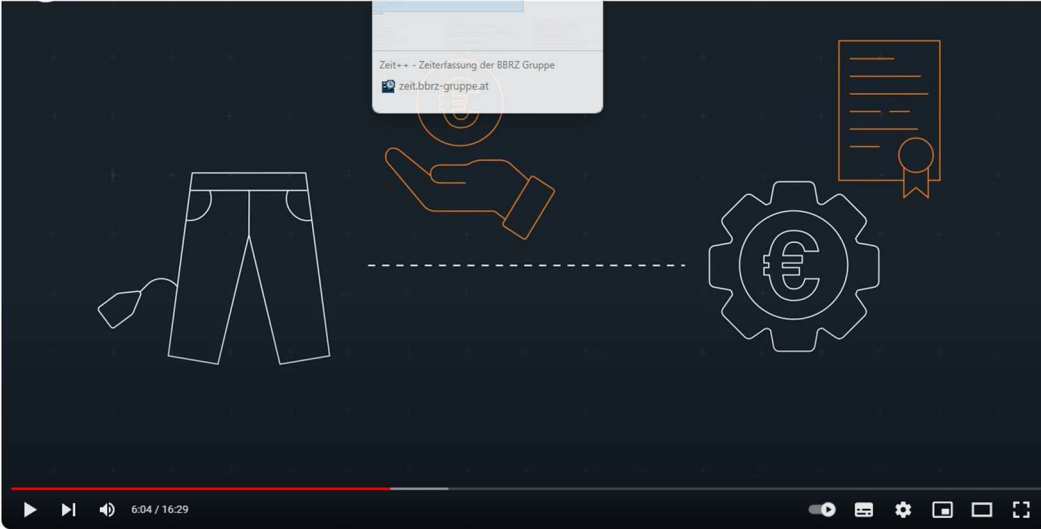
Ratenzahlungs-Apps wie Klarna und Riverty sperren für Minderjährige, indem sie das Alter der Kunden überprüfen. Das haben die Zahlungsdienste dem scheidenden Finanzminister Steven van Weyenberg versprochen. Bisher wurde die Altersgrenze von 18 Jahren nicht richtig durchgesetzt, so dass Minderjährige bei den Bezahl-Apps freie Hand hatten.

<https://www.rtl.nl/nieuws/artikel/5456423/eindelijk-leeftijdslot-voor-afbetaaldiensten-klarna-en-riverty> [23.08.2024]



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Video on YouTube: <https://www.youtube.com/watch?v=88yO5R7kP00> [23.08.2024]

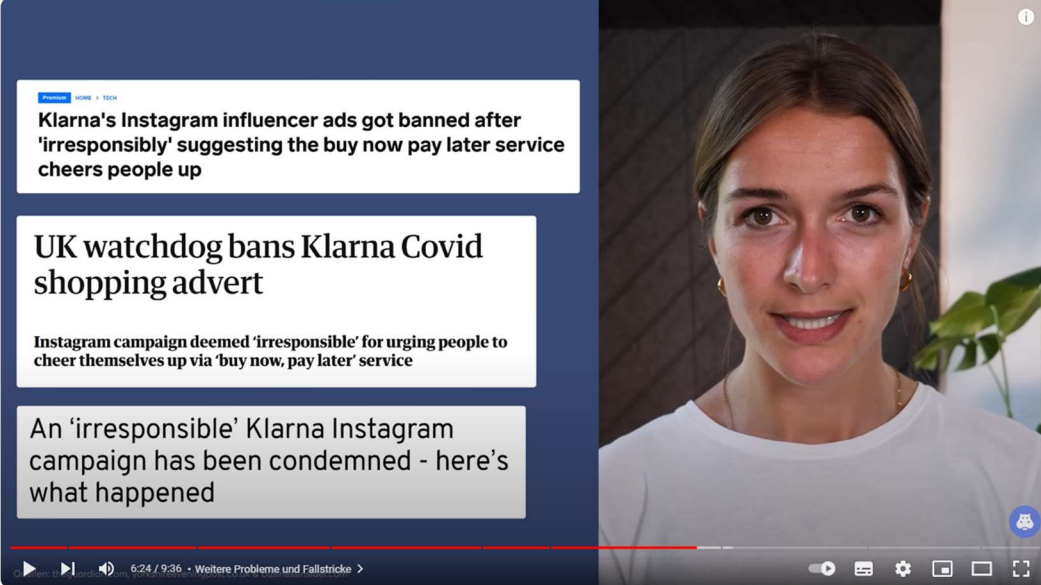


Buy now, pay later: Darauf muss man bei Klarna und Co. achten | ZoomIn

ZDFheute Nachrichten 1,29 Mio. Abonnenten **Abonnieren**

50.172 Aufrufe vor 2 Jahren #zoomin #buynowpaylater #zdf
Hohe Schulden durch Online-Shopping? Keine Seltenheit, aber seit Neuestem spricht man darüber auch öffentlich: Unter dem Hashtag #klarnaschulden teilen junge Menschen auf TikTok ihre Konsumschulden. Und die sind meistens ziemlich hoch. Shoppen, obwohl man gerade vielleicht kein Geld dafür hat, das ist online kein Problem: Ein Fingertippen, gekauft und gezahlt wird dann später. „Buy now, pay later“ nennt man diese Bezahlmethode, die Unternehmen wie Klarna, PayPal, afterpay und Co. anbieten. ...mehr

Video on YouTube: <https://www.youtube.com/watch?v=2EuM68V9YbA> [23.08.2024]
[23.08.2024]



Klarna's Instagram influencer ads got banned after 'irresponsibly' suggesting the buy now pay later service cheers people up

UK watchdog bans Klarna Covid shopping advert

Instagram campaign deemed 'irresponsible' for urging people to cheer themselves up via 'buy now, pay later' service

An 'irresponsible' Klarna Instagram campaign has been condemned - here's what happened

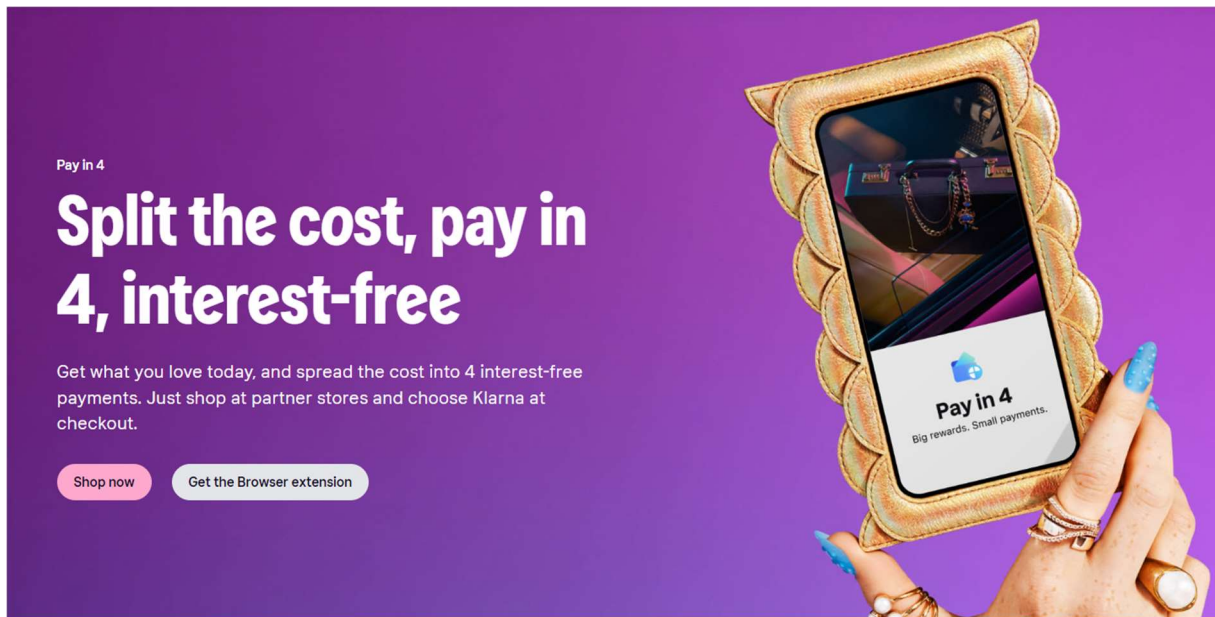
Buy Now, Pay Later: Wie gefährlich sind Klarna & co.?

Finanzfluss 1,34 Mio. Abonnenten **Abonnieren**



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Check different options directly on Klarna Homepage (<https://www.klarna.com>), to discover for example:



Pay In 4

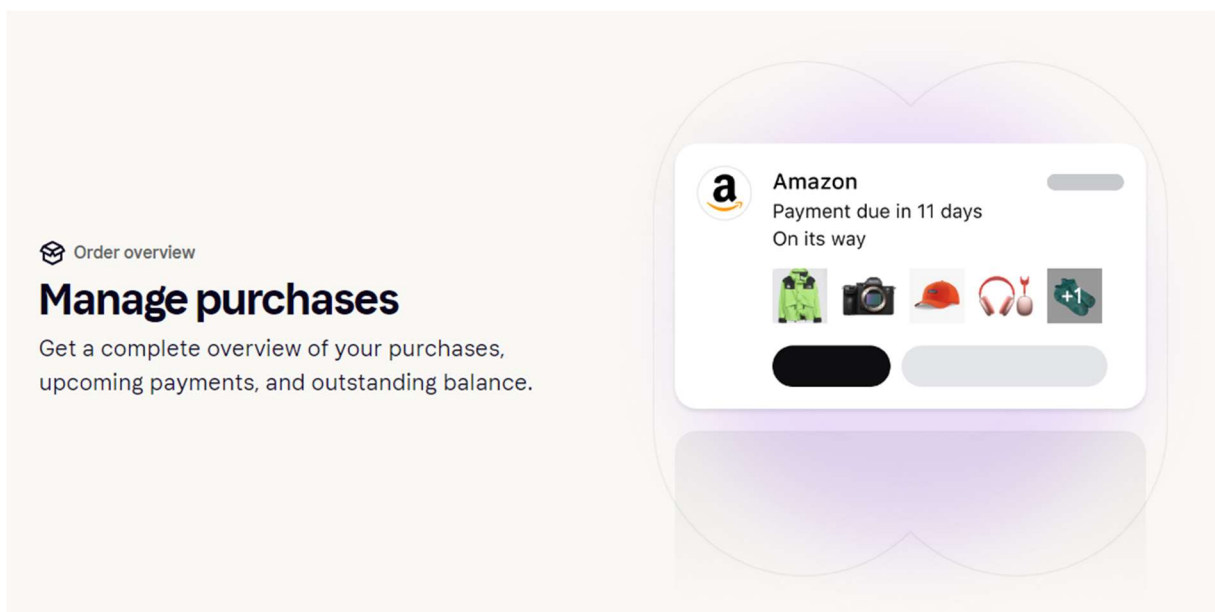
Split the cost, pay in 4, interest-free

Get what you love today, and spread the cost into 4 interest-free payments. Just shop at partner stores and choose Klarna at checkout.

[Shop now](#) [Get the Browser extension](#)

Pay in 4
Big rewards. Small payments.

The advertisement features a purple background. On the right, a hand with blue nail polish and gold jewelry holds a smartphone with a gold braided case. The phone screen shows the Klarna 'Pay in 4' interface. The text on the left is white and pink.



Order overview

Manage purchases

Get a complete overview of your purchases, upcoming payments, and outstanding balance.

Amazon
Payment due in 11 days
On its way

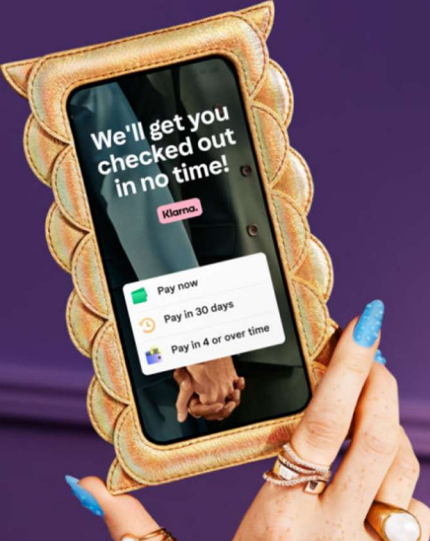
The interface shows a white card with the Amazon logo, a payment status, and a row of product icons: a green jacket, a camera, a red cap, headphones, and a green plus sign. Below the icons are two buttons: a black one and a grey one.

Flexible payments with Klarna








Choose how you pay every time you shop. Flex your payments at over 20,000 partner stores.


Get \$10 off your first purchase Login to pay

T&Cs apply.



Zahlungsmethode auswählen

<input type="radio"/> Kreditkarte / Debitkarte Sofortige Kartenzahlung	 	<input type="radio"/> Giropay Bezahlen über Online-Banking	
<input type="radio"/> Sofort Schneller Banktransfer		<input checked="" type="radio"/> Rechnung Rechnung per Mail, Bezahlung später	
<input type="radio"/> Ratenkauf Bezahlung in Raten		<input type="radio"/> PayPal Sofort oder später bezahlen	

 Weiter zur Kasse



Appendix 2

Consider this example.

What are your thoughts that come with that table?

Purchases	P 1	P 2	P 3	P 4	P 5
Clothing € 150	€ 37.50	€ 37.50	€ 37.50	€ 37.50	
Shoes € 120		€ 30.00	€ 30.00	€ 30.00	€ 30.00
Bed Sheets, Blanket & Towels € 250			€ 62.50	€ 62.50	€ 62.50
Car Service € 450				€ 112.50	€ 112.50
Clothing € 100				€ 25.00	€ 25.00
Compute € 650					€ 162.50
Fortnightly repayments due	€ 37.50	€ 67.50	€ 130.00	€ 267.50	€ 392.50



Discuss the following questions in your group and try to find an answer.

Which of the following should NOT be done before purchasing a mobile phone on contract?

- Read the terms and conditions
- check that the plan meets your monthly calls, messages, and data needs
- ignore the information about the costs if you go over the limit for calls, messages, and data
- compare the plan with other providers to verify that you are getting the best deal

You want to buy a special gift for your three friends for Christmas. Which of the following deals offers the cheapest option to buy your three gifts?

- € 74 each - no other special offer.
- € 90 each – pay for two, get the third one free
- € 95 each – 20% off marked prices till Sunday
- € 86 each – buy one, get one half price

Which one of the following offers the cheapest price per can of soft drink?

- 24 cans for € 15.90
- 10 cans for € 6.95
- 30 cans for € 19.90
- 1 can for € 2.80



Appendix 3

Handout (Source: <https://files.moneysmart.gov.au/media/lnqgvfar/different-ways-to-pay-lesson-plan.pdf>)

Different ways to pay

Discovery exercises



Do I know my payment options?

Exercise 1

Below is a list of advantages associated with different payment options. Write which one of these payment types (credit card, debit card, personal loan, cash, interest-free deal, buy now pay later, bank's mobile app) best matches each advantage.

Credit card	Debit card	Personal loan	Cash	Interest-free deal	Buy now pay later	Bank's mobile app
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Advantage	Payment type
I can receive the product quickly. Instead of paying the full amount upfront, I can make regular payments to pay it off over a few weeks.	
I have instant access to funds up to a fixed limit. This is arranged through a contract with a lender like a bank. This payment option can be used to make purchases online and face-to-face.	
I can take my purchased item(s) home and not pay any interest by paying back what I spent within the interest-free period.	
I use my own money, so I don't pay any interest. It links to my bank account, and I can use it to make both online and face-to-face transactions.	
I still get to use the item immediately, but the money I use isn't mine. I sign a contract with a lender to pay back the money. The interest I pay will depend on how much I borrow and how long it takes me to pay back the loan.	
I use my own money, and as soon as I make a purchase it is clear what I have left in my account. This makes it easy to keep track of how much I have spent. I can use it in most face-to-face transactions.	
I don't have to carry around cash or cards.	

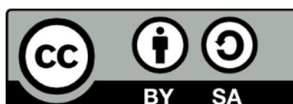


Exercise 2

Below is a list of disadvantages associated with different payment options. Write which one of these payment types (credit card, debit card, personal loan, cash, interest-free deal, buy now pay later, bank's mobile app) best matches each disadvantage.

- | | | | | | | |
|-------------|------------|---------------|------|--------------------|-------------------|-------------------|
| Credit card | Debit card | Personal loan | Cash | Interest-free deal | Buy now pay later | Bank's mobile app |
|-------------|------------|---------------|------|--------------------|-------------------|-------------------|

Disadvantage	Payment type
If I don't have enough money in my account I can't purchase the item, especially when buying things online.	
It can be used to pay for bigger purchases, but it takes time to apply and get approved each time.	
Useless if my phone runs out of battery.	
I could pay almost 30% interest if I don't pay the full amount within the interest-free period.	
It is untraceable, so if I lose the receipt, I have no proof of payment. I cannot use it to shop online.	
I pay a penalty fee if I don't make all repayments on time.	
Interest rates are high so if I only make the minimum repayment, it will take years to pay off my purchases.	



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