

Ways to Pay

By Princeton Williams and Chris Cannon

CONCEPTS

- Payment methods (debit cards, credit cards, payment apps, etc.)

STANDARDS

Georgia Standards of Excellence – Personal Finance and Economics

SSEPF3c Compare and contrast cash, debit cards, credit cards, prepaid cards, and mobile payment apps in terms of how they work, acceptability, and the costs and benefits associated with each.

SSEMA2b Describe the Federal Reserve Bank's roles in payment processing, bank supervision, and monetary policy including the dual mandate of price stability and full employment.

National Voluntary Content Standards Economics

Standard 11: Money and Inflation

National Standards for Personal Finance Education

Standard II: Spending

Materials Needed

- Slides 1-15: Ways To Pay [found online here](#)
- One pen/pencil per student
- scrap paper for brainstorming, one per student
- a timer/stopwatch (if desired for procedure 2)
- Activity 1: Payment Vocabulary (two copies, leave one intact for answer key and one copy cut apart and shuffled for students)
- Activity 2: Payment Role Cards, [found in slides here](#)
- Handout 1: Payment Scenarios, 1 per student

Procedures:

1. Display slide 1 and explain that today students will learn about and evaluate payment methods used for goods and services. If needed, display slide 2 to highlight the requirements from the standards. Note: the standards listed in the default version are from Georgia, but replace with your relevant standards.
2. Display Slide 3. Tell students they have 60 seconds to brainstorm as many ways to pay for goods and services as they can. Tell them to think about any methods they

may have heard about or seen, even if they have not used them. Ideas might be brand names or broad terms. Start a 60 second timer (if desired) and go!

3. To hear their answers, choose a student to start and have that student call out one payment method they thought of. Optionally, you may choose to write this on the board. The next student must call out something different, the third student something different and so on. The idea is that no student can repeat an answer that's already been given. If a student doesn't have anything new, they are out. Keep going until students have run out of answers or about three minutes, whichever comes first. **Answers will vary, but might include: currency and coin, check, direct deposit, P2P app, credit card, debit card, prepaid card, MasterCard, Visa, Discover, American Express, Cash App, Apple Pay, Google Pay, Chime, Paypal, Current, Venmo, Klarna, After Pay, Green Light.**
4. Explain that many of the payment options they described have been developed in the last decade and that payment methods have expanded greatly. Explain that all of these options come with a variety of costs and benefits. Show the video at <https://www.youtube.com/watch?v=jpbm2GcGR9k> (linked on Slide 4).
5. Shuffle and distribute cards from Activity 1: Payment Vocabulary. Each student should get either a term OR a definition. Tell students to stand and move around the room to try to find their match. Once they think they have the correct match, they should stand along the wall or in a designated area. If some students are unsure of their match, tell them to find someone, even if they think it might be incorrect.
6. Going one by one, have the student with the vocab word call out their term, then have their partner read the description. If it is a match, the students should sit down. If it is not a match, students should remain standing (if desired) or try to find their new match.
7. Display slides 5–7. Review terms as desired.
8. Display slide 8 and review the definition of money. Remind students that bank deposits and cash both fulfill all parts of the definition. Explain that money and payments are not the same thing. There are lots of things that can be used for “payment” that are not money. Ask students if they can think of something along those lines. **Answers will vary, but things like bartering, using credit card points, IOU, etc.**
9. Display slide 9 and explain that students are going to move around the room a little bit to apply various payment methods for a variety of scenarios.
10. Distribute one card from Activity 2: Payment Role Card to each student. Have all students stand up. Explain that everyone else will evaluate the payment methods for each scenario. Note: There are two sets of statements so if you have a large class, have students switch cards with seated students between slides 10 and 11.
11. Tell students to carefully read the **bolded** word on their card and separate into five groups. (cash, bank deposits, digital deposits, don't have the money, crypto assets)

12. Ask each group to share with the class what the payment options are, along with a couple of advantages and disadvantages for each.
13. While students are still standing, identify one side of the room as the "YES" side of the room and the other as the "NO" side of the room with undecided being in the middle.
14. Explain that you will now display several scenarios on slides 10-11 and ask two questions. The first is whether or not, in general, a person is *able* to pay with the payment method on their card. Display the first statement (I want to buy a snack in a gas station) and have students move to the side of the room they think is correct for whether or not you are able to pay with the payment type. Ask several students why they chose to stand where they are. ***Use the Teacher Guide 1: Payment Types for help with the discussion.***
15. Now ask students if they think you "should" pay with that type of payment - meaning are there any clear advantages or disadvantages. Remind students that there are no "right" answers per se on this and you are asking for their opinions in a safe space to discuss pros/cons. Some students may move to a different section of the room while others remain. Conduct discussions using the payment guide.
16. Repeat procedures 14-15 for the remaining statements. Note, personal experiences and preferences can greatly influence this discussion. Instead of firmly relying on "yes or no" answers, let students explain their experiences when they have something that might seem odd to you.

CLOSURE

17. After the last statement, conclude the lesson by reviewing the questions on slide 12.
 - a. Which payment methods stayed on the "YES" side much of the time? Why?
Answers may vary, but commonly, debit and credit cards and mobile payments might stay on the "YES" side most of the time because they are widely accepted for various types of transactions, both online and in-store.
 - b. Which payment methods stayed on the "NO" side much of the time?
Why? Answers may vary, but typically, checks, crypto, and giftcards (and sometimes cash) could stay on the "NO" side more often due to the increasing preference of businesses for digital and less fraud-prone payment methods, especially in online transactions.
 - c. Why is it an advantage to be flexible with the payment methods you use?
Answers may vary, but people choose different payment methods based on factors like convenience, security, rewards, and acceptance at different merchants. Having a variety of payment options is generally seen as positive because it allows individuals to select the method that best suits their needs at any given time. However, it can also be overwhelming for some to manage multiple accounts or remember different security protocols, potentially leading to mistakes or security lapses.

- d. What might prevent people from taking advantage of some of these payment methods? **Answers may vary, but common barriers could include lack of access to banking services, technological limitations (such as not having a smartphone for mobile payments), or personal preferences for privacy that deter some from using digital payment methods.**

18. Optional: Slides 13–15 provide some data points for discussion about how these payment methods are used in the real world sorted by type, income, and total number of payments per month.

ASSESSMENT

19. Distribute one copy of Handout 1: Payment Scenarios to each student. Students may complete this in class alone, with a partner, or for homework. Use the same Teacher Guide you used for class discussion for guidance on reviewing this with students. There are no specific “right or wrong” answers, but students should use what they learned during the lesson to inform their choices.

Activity 1: Payment Vocabulary

Term	Definition
Credit card	Plastic card that represents an agreement between a lender and a borrower. It may be used repeatedly to buy products or services with borrowed funds.
Debit card	Plastic card that represents an agreement between a financial institution and an account holder that allows money to be withdrawn or payments made directly from the holder's bank account.
Digital wallet	Branded technology on a phone or other device that stores cards and account information, along with other secure documents. It allows the user to pay with a mobile device.
Automated Clearing House (ACH)	An American financial network that allows the secure movement of funds between banks and credit unions over a multi-day period.
Mobile payment app	A digital application that stores funds and pay people and businesses, but is operated by a money service business, (not by a bank or a credit union)
Prepaid card (stored value card)	Plastic card that stores balances and can be reloaded, but does not imply a relationship with a financial institution

Settlement	The final resolution of a financial transaction, when money is fully received by the payee
Authorization	A message between retailer and a card issuer that indicates that the account has sufficient deposits or available credit
Payment rail	A general term for financial infrastructure that moves money from one party to another
Cash/Currency	Money that is made from some type of paper-like material
Money	Something that can be used as a medium of exchange, a store of value, and a unit of account
Routing/Account number	Numbers that identify a particular financial institution and a particular account
Crypto assets	Assets that are issued or transferred using distributed ledger or blockchain technology. They are not governed by a central bank.

Check	A document directing a bank to pay using deposits in an account
P2P payment (Person to Person)	Transfer or payment to another individual

Teacher Guide 1: Payment Type discussion guide

Note: The answers and suggested discussion provided below are not comprehensive. The world of payment methods is constantly evolving and subject to preferences of storeowners or local rules/laws that may change some of these answers. This is a general guide for discussion, but allow students to explore other options or provide personal experiences that may enrich understanding.

1. I want to buy a snack inside a gas station.

Payments you can use	Should you use?
<u>Yes or likely yes</u> cash, physical cards, store branded gift card (if for gas station) are all plausible. Apps like google/apple pay are likely as well if the store has the capacity and is willing to accept them	<u>No or likely no</u> checks are less likely at the gas station (though there may be exceptions). ACH, crypto, bank's website, etc are highly unlikely.

2. I want to buy gas without going inside at a gas station.

Payments you can use	Should you use?
<u>Yes or likely yes</u> Most of the same from #1 will work minus cash in this case.	<u>No or likely no</u> No cash since you won't be able to hand it to the clerk. The same "no" group from above applies here.

3. I want to order a meal on a fast-food app.

Payments you can use	Should you use?
<u>Yes or likely yes</u> Since this is app-based, the only legit options are online or cloud based options. Payment apps, digital wallets, etc. Possibly even crypto if the company takes it.	<u>No or likely no</u> Cash, physical cards, checks, ACH, etc.

4. I want to pay my auto insurance bill and 5. I want to pay the rent on my apartment.

Payments you can use	Should you use?
<p><u>Yes or likely yes</u></p> <p>ACH, payment apps, checks, banks website are all plausible options. Cash and physical cards are a maybe if the local insurance agent would accept it.</p>	<p><u>No or likely no</u></p> <p>Crypto, installment apps, store branded cards would be difficult in this situation.</p>

6. I want to pay back a friend who paid for my lunch.

Payments you can use	Should you use?
<p><u>Yes or likely yes</u></p> <p>This one largely depends on the friend! Cash, check, and payment apps seem the most likely with crypto a possibility here as well.</p>	<p><u>No or likely no</u></p> <p>Most people aren't carrying card readers so any physical card seems unlikely as does ACH, installment, or bank websites</p>

7. I want to stay in a hotel.

Payments you can use	Should you use?
<p><u>Yes or likely yes</u></p> <p>This one is a little tricky. Almost all hotels require a credit card to stay, but that doesn't have to be the payment method. Some will still take cash, check is rarer, and a few might allow for apple/google pay but most still want a physical card.</p>	<p><u>No or likely no</u></p> <p>Crypto, installment apps, store branded cards, ACH, bank websites, etc. are highly unlikely to be accepted or plausible.</p>

8. I want to pay for your lunch at school.

Payments you can use	Should you use?
<p><u>Yes or likely yes</u></p> <p>The actual payment for lunch is probably handled via a punch-in code or something and attached to an account setup with the school. How that account is funded varies, but usually it will need to be linked</p>	<p><u>No or likely no</u></p> <p>Crypto, installment apps, store branded cards, are highly unlikely to be accepted or plausible.</p>

to an online source of some type or paid with cash/check to the school.		
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9. I want to pay for a streaming service.

Payments you can use	Should you use?
<u>Yes or likely yes</u> This is likely to be a recurring payment linked to a bank account via ACH, bank website/app, or possibly a payment service like venmo, etc. A gift card specific to the streaming service would also work.	<u>No or likely no</u> Cash, check, physical cards, installment apps, crypto.

10. I want to pay for something at the local farmers' market.

Payments you can use	Should you use?
<u>Yes or likely yes</u> This one can have LOTS of variability depending on the types of vendors and if they have card readers or ability to accept transfers. Cash and checks are quite common here as well.	<u>No or likely no</u> Store-branded gift cards, crypto (though there may be some exceptions), installment apps, ACH, bank website

11. I want to pay for my prom ticket.

Payments you can use	Should you use?
<u>Yes or likely yes</u> Answers will vary here depending on what the school allows. Probably similar to paying for lunch.	<u>No or likely no</u> Answers will vary depending on what the school allows.

12. I want to buy something from an online merchant.

Payments you can use	Should you use?
<u>Yes or likely yes</u> Any electronic payment will be at least plausible here, even crypto.	<u>No or likely no</u> Any physical payment wouldn't make sense.

		<p>digital payment sources and paying attention to who is getting your information can reduce this risk.</p>
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Handout 1: Payment Scenarios

Instructions: For each scenario, list at least one payment method you would recommend and one you would NOT recommend and explain why. You may list more than one. Use the word bank below for reminders, but you may also choose other options not listed.

Cash	Check	Credit Card	Debit Card	Cryptocurrency
App Linked to credit card	Prepaid Card	ACH Payment	App linked to bank account	Online installment plan

- 1. Olivia owns a neighborhood bookstore and has 3 employees. She needs to pay her employees every other Friday.**

I would recommend	I would NOT recommend

- 2. Michael's car no longer works. He needs a car to get to work. He doesn't have enough money in his bank account or savings to buy a new car.**

I would recommend	I would NOT recommend

- 3. La'Shae tries very hard to avoid any kind of debt. She is an avid budgeter and extremely frugal. She needs to get \$45 worth of gas for her car.**

I would recommend	I would NOT recommend

- 4. A group of 7 friends is at dinner. They need to split the bill so that each person pays their share. How should they pay the restaurant? How should they pay each other? (make two recommendations)**

I would recommend	I would NOT recommend

5. Patrick is signing the final papers for closing on a new home and needs to safely transfer \$325,000 to the seller.

I would recommend	I would NOT recommend

6. Sanjat is at a sporting event at a venue that is cashless (meaning they do not accept cash). He has cash on him and he wants to purchase some souvenirs.

I would recommend	I would NOT recommend

7. Daniela wants to purchase stock shares. She is starting from scratch and is open to any method for purchasing.

I would recommend	I would NOT recommend

8. A teacher is collecting money for a field trip from more than 100 students. The school told her to collect the money in any form she wants.

I would recommend	I would NOT recommend

9. Assume you have been hired by a new local business owner as a payment methods consultant. The owner knows that some businesses have policies where they won't accept certain types of payments. The owner wants your advice on what type of payments they should/should not accept. Respond in the space below with some rationale to support your answer based on what you've learned today.

Resources

- <https://www.consumerfinance.gov/data-research/research-reports/issue-spotlight-analysis-of-deposit-insurance-coverage-on-funds-stored-through-payment-apps/full-report/>
- <https://stripe.com/resources/more/what-are-payment-rails>
- https://www.bis.org/publ/qtrpdf/r_qt1703q.pdf
- <https://afsaonline.org/wp-content/uploads/2021/07/Retail-Payment-Systems-IT-Booklet.pdf>