Do it Now:
How does having lots of money make you feel?
Money, Money Money

http://www.youtube.com/watch?v=ETxmCCsMqDQ
Here are some things that can pop into our minds when we think of money:
We also need money for the basics...
Some payday loans take advantage of the fact we need money to live. Unfortunately, their aim is to make money for themselves, not to help people out.

Do you know of any company names?
Lets refresh our memories of some of the adverts. Watch the adverts carefully, especially for the small print.

(Click on logo for hyperlink)
Representative APR

Terms and Conditions

APR stands for Annual Percentage Rate. Representative APR is stated when the APR can vary. It is representative of what at least 2/3s of past customers have paid. Terms and conditions are the small print that you need to look up and read carefully so that you know exactly what is going on.
Now let’s use our mathematical knowledge to look at how much we could actually be paying out to one of these companies...

How do we find a percentage of an amount?

What do we do with more complex numbers?

What methods are there with not using a calculator, and using a calculator?
Scenario:
I need to borrow £250 for a new washing machine. How much would I end up spending if I used one of these companies?

<table>
<thead>
<tr>
<th></th>
<th>Representative APR</th>
<th>Owe after 1 year</th>
<th>Owe after 2 years</th>
<th>Owe after 3 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>QuickQuid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wonga</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payday FIRST</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Money Shop</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Although the intention may be that these loans are paid back sooner, we are going to look at it over years for simplicity of APR.
**1734% APR Representative**
Short-term loans should only be used for short-term financial needs and are not appropriate for long-term borrowing, or if you are in financial difficulty.

**Is there a minimum amount I have to repay each month?**

Yes. On your monthly due date, you must pay back at least 10 percent of your principal, plus interest and any fees you incurred. If you have multiple outstanding withdrawals, you must pay back at least 10 percent of the sum of the principal from your most recent withdrawal and the outstanding balance from previous withdrawals. This is just the minimum amount and you are always free to pay back more than this amount.

**How Wonga works**

Applying for a Wonga loan is simple. There’s no nightmare paperwork to tackle, documents to fax or cheesy hold music to endure, because our unique service is online from start to finish. Use our sliders to decide exactly how much cash you want to borrow and how many days you need it for. We’ll show you the full cost of repayment and, once you’re happy with everything, click apply. We’ll then ask for some personal details and banking information for our super-fast credit check.

---

**Welcome to Payday First**
The online lender offering up to £600 cash transferred to your account today!

**How much cash do you want to borrow?**

If you would like to borrow £225.00 then the amount due on your pay day will be £306.00

Apply now

**Short-Term Loans**
Bills, bills and more bills. They always come when you least expect them! So, the next time you’re strapped for cash, you could get up to £500* subject to approval with a Short-Term Loan.

Representative example: £200 Loan. Total amount repayable in a single payment of £255.96 in 28 days. Annual interest rate 335.88% (variable). 2400.8% APR representative.
I think that you would agree, payday loans can be deceiving and dangerous.

Recently in the news there have been calls to ban payday loan adverts.

Your next task is to come up with an argument to ban payday loans. Use your mathematical knowledge and examples to back up your statements. You could make an information booklet, poster or write a debate.

You may want to include an alternative solution to payday loans
Most importantly, always remember, look after your pennies and the pound will look after themselves. Don’t spend it if you don’t have it. ☺