



NEXT GEN PERSONAL FINANCE

Middle School Course  
2.5 Different Types of Payments  
Student Activity Packet  
*Spanish version*

Name:

Date:



## INTRO

### MAKE A LIST

1. Imagine your parent or guardian is at the store buying a t-shirt and realizes they don't have any cash in their wallet. What are other ways they could buy the t-shirt?



## LEARN IT

### REFERENCE: Other Types of Payments

Cash is quickly becoming a less popular way to purchase items as more people are using cards or apps on their phones to pay for things. Your teacher will divide you into groups and assign each group one of the four types of payments below to read about. Then, your group will present a 30 second description of your payment type to the class and act out a 30 second skit in which you would use this payment type!

## Prepaid Cards<sup>1</sup>

### What this payment type is:

A prepaid card is a card that you can load money onto and use to purchase items. You can reload the card as well.

### When to use it:

Prepaid cards are great for:

- Budgeting more simply. Have one card for each spending category of your budget and preload it with a specific amount.
- When you don't have a bank account.

### How to use it:

Swipe or insert the card chip at any payment system that accepts its payment network. You can also use this card for online purchases.

### Where the money comes from:

You are using the money you loaded onto the card. The money is NOT coming directly out of a checking account.

### Bonus information:

- Prepaid cards can be safer and more convenient than cash.

## Gift Cards<sup>2</sup>

### What this payment type is:

A gift card is a type of prepaid card that has a specific amount of money you can use at certain stores. You can also have a digital, or e-gift, card.

### When to use it:

Gift cards are usually bought as a gift. For example, your friend or relative may buy you a \$20 gift card for your birthday for your favorite store.

### How to use it:

You can use this card at the store or on the company's website. Some cards allow you to load more money on them.

### Where the money comes from:

The person purchasing the card preloads the card with money using cash or money from their checking or credit account.

### Bonus information:

- Some gift cards can be registered online so you can track or freeze the card if it is lost or stolen. Because of this, gift cards can sometimes be safer than cash.

## Peer-to-Peer Payment Apps<sup>3</sup>

### What this payment type is:

Peer-to-peer (P2P) payment apps allow you to send money to other people through an app on your smartphone or other device.

### When to use it:

P2P apps are convenient when you do not have cash and want to pay someone an amount of money. You can also use them

## Mobile Wallets<sup>4</sup>

### What this payment type is:

A mobile wallet is an app on your smartphone that allows you to store your debit and credit card information, coupons, and more. You can then pull up the app when paying for items instead of using the physical cards, coupons, etc.

### When to use it:

You can use your mobile wallet at any

<sup>1</sup> <https://www.nerdwallet.com/blog/banking/prepaid-debit-cards-what-you-should-know/>

<sup>2</sup> <https://www.investopedia.com/terms/g/gift-card.asp>

<sup>3</sup> <https://www.nerdwallet.com/blog/banking/p2p-payment-systems/>

<sup>4</sup> <https://www.investopedia.com/terms/m/mobile-wallet.asp>

to have other people pay you. P2P apps are very convenient for splitting bills.

**How to use it:**

Download the app on your phone, create an account, connect it to a debit or credit account, and then use it to pay others or accept payments.

**Where the money comes from:**

P2P apps are connected directly to your debit or credit account, so any money you pay others comes from there. Money you accept from others is stored within the app. You can transfer this money to your bank account, but be sure to use the option that does not charge you fees. You can also use any of the money that is in the app to pay other people.

**Bonus information:**

- Popular P2P apps are Venmo, PayPal, Cash App, and Zelle.

store or vendor that accepts mobile wallet payments.

**How to use it:**

Download the mobile wallet app on your phone (many smartphones already come with an app), load in your card information, and you're ready to go! You typically wave or hold your smartphone over the store's reader when it is time to pay for your items.

**Where the money comes from:**

Depending on which card you use, the money can come from your checking (debit) or credit account.

**Bonus information:**

- Some mobile wallets are encrypted, meaning there is additional security than if you were to have your physical card stolen.
- Mobile wallets can decrease the amount of time it takes to make a payment.

1. Write a bullet point outline of your group's 30-second skit below. Make sure it is clear which payment type you are using and why that payment type is being used.

**VIDEO: [FinCap Friday: Peer to Peer Apps Go Head to Head](#)**

The peer-to-peer apps you read about above have become very popular in the past few years because they are a convenient way to pay others "on the spot." Watch this video to learn more about two of the most popular apps, Venmo and Cash App. Then, answer the questions.

1. Why is it a good idea to transfer money from the app to your bank account as soon as you can?

2. What is a risk of using a P2P app?

3. What is one step you can take to protect yourself from this risk?



## DO IT

### PLAY: Which Payment Type Should They Use?

Now that you know about different types of payments, let's practice choosing which types you can use in different situations! Follow your teacher's directions to play this game and fill out the table below. Note that some of the scenarios have multiple correct answers, so check all that apply!

|   | Scenario  | Payment Options   |
|---|---|---|
| 1 | Tori is dining out with some friends. The restaurant cannot split the bill. Tori offers to pay for the entire meal and her friends will pay her back. Which payment type(s) can her friends use to pay her back?  | <input type="checkbox"/> Prepaid card <input type="checkbox"/> Gift card<br><input type="checkbox"/> P2P payment app <input type="checkbox"/> Mobile wallet |
| 2 | Dan just started mowing his neighbors' lawns and has been getting paid in cash for the past few months. He's been storing the money in an envelope in his room but doesn't think that's the safest option. He also wants to budget his money so that he knows how much he's spending. Which payment type(s) can he use to meet his needs? | <input type="checkbox"/> Prepaid card <input type="checkbox"/> Gift card<br><input type="checkbox"/> P2P payment app <input type="checkbox"/> Mobile wallet |
| 3 | Mason wants to buy his nephew something for his birthday, but he isn't sure what to get him. Which payment type(s) can Mason use to give his nephew money so his nephew can buy something he wants for himself?   | <input type="checkbox"/> Prepaid card <input type="checkbox"/> Gift card<br><input type="checkbox"/> P2P payment app <input type="checkbox"/> Mobile wallet |

|   |  |   |
|---|--|---|
| 4 | Jessica is standing in line at the grocery store with her items and suddenly realizes she doesn't have any cash in her wallet. Which payment type(s) can she use to buy her groceries?   | <input type="checkbox"/> Prepaid card<br><input type="checkbox"/> P2P payment app<br><input type="checkbox"/> Gift card<br><input type="checkbox"/> Mobile wallet |
| 5 | Laura does not have a bank account and wants a safe option to store her money so she doesn't have to walk around with a lot of cash everywhere. She usually spends money on groceries and other essentials. Which payment type(s) can she use to meet her needs? | <input type="checkbox"/> Prepaid card<br><input type="checkbox"/> P2P payment app<br><input type="checkbox"/> Gift card<br><input type="checkbox"/> Mobile wallet |
| 6 | Christian just received his electricity bill and would like to pay it online for the first time. Which payment type(s) can he use?   | <input type="checkbox"/> Prepaid card<br><input type="checkbox"/> P2P payment app<br><input type="checkbox"/> Gift card<br><input type="checkbox"/> Mobile wallet |
| 7 | Tim is at the local antique market and finds something he wants to buy for his room. He offers to buy it with a \$50 bill but the vendor doesn't have any change. Which payment type(s) can Tim use to pay the vendor?   | <input type="checkbox"/> Prepaid card<br><input type="checkbox"/> P2P payment app<br><input type="checkbox"/> Gift card<br><input type="checkbox"/> Mobile wallet |
| 8 | Abby is babysitting some of her neighbor's kids. She doesn't want to accept cash as payment. Which payment type(s) can she use to get paid?  | <input type="checkbox"/> Prepaid card<br><input type="checkbox"/> P2P payment app<br><input type="checkbox"/> Gift card<br><input type="checkbox"/> Mobile wallet |



# EXIT TICKET

1. Fill in the blanks with the different payment options from the table below:

|                          |               |
|--------------------------|---------------|
| Prepaid Card             | Gift Card     |
| Peer-to-Peer Payment App | Mobile Wallet |

- a. A \_\_\_\_\_ stores money that can be used to shop at a specific store.
- b. You can use a \_\_\_\_\_ to directly pay someone back.
- c. Instead of using a physical card at the store, you can use your \_\_\_\_\_, which stores your card information.
- d. If you don't want to carry cash with you and you don't have a bank account, getting a \_\_\_\_\_ is a good option.