Lesson 4.4: Financial Technology (Fintech)

Lesson Author

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Standards and Benchmarks

See page 6.

Lesson Description

In this lesson, students explore financial technology (fintech) and how it is used to access financial services. Students begin by analyzing real-world news headlines to identify how technology is changing the way people manage and use money. They then participate in a digital scavenger hunt to identify common fintech tools and connect them to different types of financial services. Through a "Would You Rather" activity, students evaluate the advantages and disadvantages of using fintech and consider the tradeoffs between convenience, speed, and risk. The lesson concludes with a reflection activity in which students create a set of personal guidelines for using fintech responsibly. To obtain answer keys for the handouts and assessment in this lesson, create an account on FederalReserveEducation.org.

Concepts

Buy Now, Pay Later
Financial technology (Fintech)
Person-to-person payments
Robo-advisor

Objectives

Students will be able to:

- define financial technology (fintech) and identify common types.
- analyze how fintech influences financial behavior and decision-making.
- evaluate the advantages and disadvantages of using fintech.

Compelling Question

How does technology change the way we access financial services and make money decisions?

Time Required

90 minutes

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Materials

- Financial Technology (Fintech) Lesson 4.4 Slides
- Handout 4.4.1: Fintech Scavenger Hunt, one copy for each student
- Handout 4.4.2: Pros & Cons of Fintech Infographic, one copy for each student
- Handout 4.4.3: Would You Rather? Fintech Edition
- Handout 4.4.4: Assessment, one copy for each student
- Answer Key 4.4, one copy for teacher

Procedure

1. Display Slide 2 to show a set of recent news headlines. Without revealing the topic of the lesson, pose the question below. Have students briefly turn and talk with a partner, then share responses with the class.

    a. What do all these news headlines have in common? (*Answers will vary, but students may suggest that all of the headlines relate to money, banking, or financial activities being done through technology.*)

2. Display Slide 3 and introduce the term **financial technology (fintech)**: the use of technology, such as apps and websites, to deliver financial services and products to consumers. Tell students that in this lesson, they will explore how technology is changing the way people use financial services and what that means for the choices we make with our money.

3. Ask students: What types of financial services do you think financial technology is making easier or more common? (*Answers will vary, but students may mention storing money in accounts, making payments or transfers, borrowing money, investing, or tracking and managing spending.*)

4. Explain that fintech includes a variety of digital tools that help people manage and move money. Using Slides 4-6, share three common examples if students didn't mention these already:

    a. **Buy Now, Pay Later** is a digital payment option (like Klarna) that lets you split a purchase into smaller payments over time, acting as a short-term loan, often carrying no finance charge.

    b. **Peer-to-peer (P2P) payments** allow money to be instantly transferred between two people using a smartphone app (like Venmo or PayPal) or computer. The app is linked to your bank account or credit card.

    c. A **Robo-advisor** (like Robinhood Strategies) is a digital platform that uses algorithms to help you plan and invest your money automatically, based on your goals, timeline, and risk level.

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5. Display Slide 7 (slide is animated) and explain that many of the financial services they just mentioned fall into one of three categories: deposit services (storing and accessing money), credit services (borrowing money), and investment services (growing money).

   NOTE: These are the same categories introduced in Lesson 4.1: Financial Institutions.

6. As a quick review, ask students to categorize the three fintech tools from Slides 4-6: Buy Now, Pay Later *(credit services)*, P2P payments *(deposit services - specifically, making payments)*, and robo-advisor *(investment services)*.

7. Display Slide 8 and provide each student with a copy of Handout 4.4.1: Fintech Scavenger Hunt and Handout 4.4.2: Pros & Cons of Fintech Infographic.

8. Instruct students to complete the scavenger hunt by finding at least one real-world example of a fintech tool for each of the following financial services: payments and money transfers, digital banking, digital credit and lending, investing and wealth tools, and budgeting and money management.

9. Encourage students to use their own experiences, prior knowledge, or conduct a quick Internet search to identify examples. Direct students to the list of recommended websites on Handout 4.4.1 and explain these resources are useful when researching a wide range of financial services, from checking and savings accounts to loans.

10. For each fintech tool, instruct students to record the name of the app or tool and briefly describe what it does. Then, using the infographic on Handout 4.4.2 as a guide, have students reflect on what makes the tool appealing and useful as well as the possible risks or challenges associated with using it. Encourage students to consider factors such as fees, security, privacy and how easily the tool might lead to overspending - in other words, what could go wrong when using the tool.

11. Display Slide 9 (slide is animated) and use the sample response to model expectations.

    NOTE: The scavenger hunt may be completed independently or in small groups. For group work, assign each student one financial service category on the graphic organizer to complete. Students should then share their findings with the group to fill in the remaining rows.

12. Display Slide 9. After students have completed the scavenger hunt, debrief as a whole class by asking:

    a. Which tools seem the most useful or appealing? What makes them stand out? (*Answers will vary, but students may identify tools such as Venmo, Cash App, Apple Pay, or mobile banking apps because they are fast, convenient, and easy to use. Students may note that these tools allow them to quickly send money, make purchases, or check account balances without carrying cash or visiting a bank.*)

    b. Which tools might require the most caution? What makes them more risky or challenging to use? (*Answers will vary, but students may identify tools such as P2P*

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payment apps, Buy Now, Pay Later services, or investing apps. Students may note risks such as sending money to the wrong person, lack of protection if scammed, fees or interest charges, overspending, or the potential to lose money when investing. Students may also mention that some fintech tools are not banks and may not have the same protections.)

   c. Which pros and cons matter the most to you and why? (*Answers will vary but might include: Convenience matters most to me because fintech tools make it easy to transfer money, track spending, and manage accounts quickly from my phone. Security and overspending are my biggest concerns because it can be easy to rack up debt without realizing it, and my personal financial information could be at risk if my account is hacked.*)

13. Display Slide 11. Instruct students to work with a partner and provide each pair with a copy of Handout 4.4.3: Would You Rather? Fintech Edition. For each scenario, Partner 1 chooses A or B and defends their choice using advantages and disadvantages. Partner 2 listens, then agrees or disagrees and explains why. Students switch roles for each new scenario. Remind students to use Handout 4.4.2 to support their reasoning.

14. Display Slide 12 (slide is animated) and model the process using the first scenario on Handout 4.4.3: Would you rather use cash and always see how much you're spending or use Apple Pay and pay instantly with your phone? Think aloud as you choose an option and defend your reasoning. Then model how a partner would respond by agreeing or disagreeing and adding to the explanation. Emphasize that responses should be supported with clear reasoning, not just personal preference.

    a. *Partner 1: I would choose Apple Pay because it's faster and more convenient. I don't like carrying cash, and I can pay instantly. I like that it's easy and requires Face ID for added security.*

    b. Partner 2: I disagree because it's too easy to overspend since I don't physically see the cash leaving my wallet, and not every business accepts Apple Pay.

Closure

15. Display Slide 13 and ask the closure questions.

    a. How has fintech changed the way people access and use financial services? (*Fintech has made it easier to access financial services anytime without going to a bank. People can send money, check their accounts, and invest right from their phones. It has also made financial services faster and more convenient, but people rely more on technology instead of in-person help.*)

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b. What are some of the biggest advantages of fintech? (*It is fast and convenient because you can do everything online or on an app. Many tools have low fees or no minimum balance, which makes them easier to use. Apps can help people manage money better with budgeting tools and alerts.*)

c. What are the biggest risks or disadvantages of fintech? (*There can be security risks like hacking or scams. It's easy to overspend or make quick financial decisions without thinking. Some apps don't have customer service like a real bank, so it can be harder to get help.*)

d. What should people consider before choosing to use a fintech tool? (*Whether the app is safe and protects their personal information. What fees or hidden costs there might be. If the tool actually fits their needs, like budgeting, saving, or investing. Whether they understand how it works before using it.*)

Assessment

16. Provide each student with a copy of Handout 4.4.4: Assessment. Instruct students to think about everything that has been discussed today and create a set of five personal rules they will follow to use fintech responsibly. Remind students to consider:

    a. How will you avoid overspending?

    b. How will you protect your money and personal information?

    c. How will you make thoughtful decisions before sending or spending money?

    d. How will you watch out for fees or risks?

    (*See Answer Key 4.4 for detailed grading guidance.*)

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Standards and Benchmarks

National Standards for Personal Financial Education

Standard 2: Spending

A budget is a plan for allocating a person's spendable income to necessary and desired goods and services. When there is sufficient money in their budget, people may decide to give money to others, save, or invest to achieve future goals. People can often improve their financial well-being by making well-informed spending decisions, which includes critical evaluation of price, quality, product information, and method of payment. Individual spending decisions may be influenced by financial constraints, personal preferences, unique needs, peers, and advertising.

Benchmarks: Grade 12

9. Having an organized system for keeping track of spending, saving, and investing makes it easier to make financial decisions.

Standard 3: Saving

People who have sufficient income can choose to save some of it for future uses such as emergencies or later purchases. Savings decisions depend on individual preferences and circumstances. Funds needed for transactions, bill-paying, or purchases, are commonly held in federally insured checking or savings accounts at financial institutions because these accounts offer easy access to their money and low risk. Interest rates, fees, and other account features vary by type of account and among financial institutions, with higher rates resulting in greater compound interest earned by savers.

Benchmarks: Grade 12

2. Deposit account interest rates and fees vary between financial institutions and depend on market conditions and competition.
3. Unless offered by insured financial institutions, mobile payment accounts and cryptocurrency accounts are not federally insured and usually do not pay interest to depositors.

Standard 4: Investing

People can choose to invest some of their money in financial assets to achieve long-term financial goals, such as buying a house, funding future education, or securing retirement income . Investors receive a return on their investment in the form of income and/or growth in value of their investment over time . People can more easily achieve their financial goals by investing steadily over many years, reinvesting dividends, and capital gains to compound their returns . Investors have many choices of investments that differ in expected rates of return and risk . Riskier investments tend to earn higher long-run rates of return than lower-risk investments . Investors select investments that are consistent with

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their risk tolerance, and they diversify across a number of different investment choices to reduce investment risk.

Benchmarks: Grade 12

10. Financial technology can counterbalance negative behavioral factors when making investment decisions.
11. Many investors buy and sell financial assets through discount brokerage firms that provide inexpensive investment services and advice using financial technology.

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Handout 4.4.1: Fintech Scavenger Hunt (Page 1 of 2)

Find and summarize at least one fintech tool for each financial service in the graphic organizer.

Financial Service	Fintech Tool	Explain what it does.	What makes it useful or appealing?	What might be challenging?
Payments and money transfers				
Digital banking				
Digital credit and lending				

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Handout 4.4.1: Fintech Scavenger Hunt (Page 2 of 2)

Financial Service	Name of the Fintech Tool	Explain what it does.	What makes it useful or appealing?	What might be challenging?
Investing and wealth tools				
Budgeting and money management				

Recommended websites:
https://www.nerdwallet.com
https://www.bankrate.com
https://www.consumerfinance.gov
https://www.investopedia.com
https://www.forbes.com/advisor

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Handout 4.4.2: Pros & Cons of Fintech Infographic

FINTECH

Faster. Easier. Smarter?
Fintech offers big benefits - but also real risks.

PROS:

Convenient & Fast

- Easy account setup
- User-friendly platforms
- 24/7 access with no need to visit a bank
- Instant payments (Venmo, Apple Pay, etc.)

Money Management & Transparency

- Easily track spending
- Real-time account updates
- Alerts for purchases and balances
- Auto-saving/investing features
- Compare services online (rates, fees, etc.)

CONS:

Credit & Debt Risks

- Easier to spend without thinking (tap & pay)
- Fees, subscriptions, and small charges add up
- Easy access to credit may lead to increased debt (Buy Now, Pay Later)

Security, Privacy & Protection Concerns

- P2P or peer-to-peer payments oftentimes irreversible if money is sent to the wrong person
- Increased exposure to phishing/scams
- Data tracking and risk of hacking
- Many fintech apps are not FDIC insured

USE FINTECH WISELY!

Stay informed. Protect your information. Choose tools aligned with your financial goals.

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Handout 4.4.3: Would You Rather? Fintech Edition (Page 1 of 2)

1. Would you rather:
   a. Use cash and always see how much you're spending
   b. Use Apple Pay and pay instantly with your phone
2. Would you rather:
   a. Take the time to enter payment details into an app or website to make a purchase
   b. Have your card saved and pay in one click
3. Would you rather:
   a. Send money instantly with a P2P app (no protection if scammed)
   b. Use a slower bank transfer with more protections
4. Would you rather:
   a. Get money instantly for a small fee
   b. Wait 2 to 3 business days to avoid fees
5. Would you rather:
   a. Use a traditional bank with FDIC protection
   b. Use a fintech app that's faster and easier but your deposits may not be insured
6. Would you rather:
   a. Go into a bank for help
   b. Use an app with an AI chatbot for support

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Handout 4.4.3: Would You Rather? Fintech Edition (Page 2 of 2)

7. Would you rather:

    a. Save up and pay later for something you want to purchase but don't have enough money for now
    b. Use Buy Now, Pay Later to get something immediately

8. Would you rather:

    a. Apply for a traditional loan at a bank with background and credit checks
    b. Use an app that gives you instant credit

9. Would you rather:

    a. Keep money in a savings account (safe, low return)
    b. Use an investing app (higher return, higher risk)

10. Would you rather:

    a. Track your spending manually
    b. Use a budgeting app that does it for you

11. Would you rather:

    a. Have slower, more deliberate financial decisions
    b. Have faster, easier financial decisions

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Handout 4.4.4: Assessment

My Fintech Rules

Instructions: Create a set of five personal rules you will follow to use fintech responsibly. When creating your rules, it is important to consider:

a. How will you avoid overspending?
b. How will you protect your money and personal information?
c. How will you make thoughtful decisions before sending or spending money?
d. How will you watch out for fees or risks?

Rule 1:
Rule 2:
Rule 3:
Rule 4:
Rule 5:

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