



First Bank
make life better

LESSON TEN: CONSUMER AWARENESS

FINANCIAL LITERACY PROGRAM



● DECIDING TO SPEND YOUR MONEY:

- Do I really need this item?
- Is it worth the time I spend making the money to buy it?
- Is there a better use for my money right now?

● DECIDING ON THE RIGHT PURCHASE:

- What level of quality do I want (low, medium, or high)?
- What level of quality do I need?
- What types of services and repairs does the dealer offer?
- Should I wait until there is a sale on the type of car I want?
- Should I buy a new or a used car?
- If I buy a used car, should I buy it from a dealer or from a private party?
- Should I choose a car with a well-known name even if it costs more?
- Do I know anyone who owns the type of car I want?
- Are the warranty and the service contracts on the car comparable with warranties and service contracts on similar cars?
- What do consumer magazines say about the type of car I want?

Consumer decision-making

Electronic Device	1	2	3
• Store			
• Brand Name			
• Price			
• Basic Features			
• Special Features			
• Warranty			
• Refund/Exchange Policies			
• Other			

COMPARATIVE SHOPPING CHART 1

Item of Clothing	1	2	3
• Brand Name			
• Price			
• Where to Be Worn			
• Style			
• Durability			
• Comfort			
• Refund/Exchange Policies			

COMPARATIVE SHOPPING CHART 2

THE REAL COST OF A GARMENT

An example:

	Linen	Cotton/Poly	Silk
A. Initial Cost	\$110	\$85	\$170
B. Care	\$5.00/cleaning x 7 times = \$35 Iron each time	\$.30/wash x 22 times = \$6.60	\$6.00/cleaning x 6 times = \$36.00
C. Life Cycle Cost (A+B)	\$110 +\$35 \$145	\$85.00 +\$6.60 \$91.60	\$170 +\$36 \$206
D. When Worn	Spring & Summer	All Year	Dressy/Day/Evening
E. Times Worn/Yr	36	108	18
F. Cost/Wear	\$145/36=\$4.03	\$91.60/108=\$.85	\$206/18=\$11.44

Buying clubs

Clubs don't always save you money

- Sometimes require a large initiation fee.
For example: a \$300 membership fee for a club that gives you a 10% discount on purchases would mean you would have to spend \$3,000 to save enough to just cover the cost of your membership fee.
- May need to make a large number of purchases before you begin to save money.
- May have to make purchases in larger quantities than you really need.
- Often can get goods for same price through discount stores and catalog showrooms (which don't require an initiation fee).

Watch out for

- Clubs that won't let you see their prices, catalog, or showroom until after you join.
- Clubs that use high-pressure sales techniques



SHOPPING BY PHONE, MAIL, OR ONLINE

PRECAUTIONS

- Investigate the reputation of the company.
 - Ask about the company's refund and return policy.
 - Ask about the availability of the product.
 - Know the total cost of your order.
 - When ordering by phone, send the payment in by mail (your purchase will then be covered by The Mail-Order Rule).
 - When shopping online, use a secure browser, shop with companies that you know, keep your password private, pay by credit card, and keep a record of your transactions
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EMAIL/INTERNET SCAMS

COMMON SCAMS INCLUDE:

Phishing

Emails purportedly sent from a legitimate company or organization “phishing” for information. The emails request that recipients provide valuable personal data (date of birth, account numbers, passwords/access codes, etc.) through a website/email. Often, there’s an urgency indicating an account will be closed or penalties will accrue without a response.

Auction fraud

This occurs when consumers use online auction sites to purchase goods and products. Users often report faulty merchandise, misleading product descriptions, false information and/or failure to deliver.

Identity theft scams

This occurs when a scammer wrongfully obtains and uses someone’s personal information for fraud, deception or economic gain. Many times victims have provided the personal data themselves without checking or confirming the validity of requests.

email/internet scams have several common denominators:

- Requests for personal information through emails or websites
- Requests for money (business proposals, donations, etc.)
- Offers of lottery and/or prize winnings
- Offers of jobs that are “too good to be true”



Keep copies of sales receipts, repair orders, warranties, cancelled checks, and contracts



Accurately explain the problem and what action you would like taken



Contact the person who sold you the item or performed the service.



Allow each person you contact time to resolve the problem before contacting another person. Keep a record of your efforts.

HOW TO HANDLE A CONSUMER PROBLEM