

PERSONAL FINANCE

ΠΡΟΣΩΠΙΚΑ ΟΙΚΟΝΟΜΙΚΑ

**EXHIBITION
CATALOGUE**



BANK OF GREECE
EUROSYSTEM

CENTRE FOR CULTURE
RESEARCH AND DOCUMENTATION

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PROLOGUE

Financial education is a critical *desideratum* for financial inclusion, which can help reduce income inequality and strengthen financial stability in society.

Financially literate people are less likely to fall victim to exploitation or fraud, or to over-borrow, and are more effective in their retirement planning. They also participate more actively in financial markets and use financial technologies more often.

In the business sector, the success and growth of SMEs often depend on the acquisition of financial knowledge and skills.

The “Personal Finance” exhibition at the Museum of the Bank of Greece aims to empower both students and young adults as well as the public in general. It achieves this by providing them the knowledge and skills necessary to effectively manage their personal finances, with the goal of long-term financial prosperity.

Additionally, within the framework of the project “National Financial Literacy Strategy for Greece”, this exhibition can act as a catalyst to financial education activities: Contributing to the making of sound financial decisions and the safe use of traditional and digital financial services, it aspires

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to the economic well-being of each citizen and the sustainable development of the Greek economy, without exclusions.

Yannis Stournaras
Governor

ACKNOWLEDGEMENTS

The decisions we are called to make every day increasingly require financial knowledge, as finances now play a central role in our lives.

The educational exhibition “Personal Finance” at the Museum of the Bank of Greece focuses on the management of a household’s finances and includes audio-visual material, plus electromechanical and digital interactive exhibits. Starting with the distinction between need and want, it covers topics such as financial decisions, income, financial planning, savings, credit, inflation, digital frauds and counterfeit money. In addition, it addresses the interrelation between economy and climate change, and examines the digital transformation of the financial system through means such as digital payments, open finance, artificial intelligence, cryptocurrencies and central bank digital currency.

The “Personal Finance” exhibition has come to life thanks to the valuable contribution of executives from the Bank’s *Department of Economic Analysis and Studies* (Daphne Papadopoulou, Ifigeneia Skotida, Eleni Argiri, Angeliki Momtsia, Styliani-Iris Krokida, Sofia Anyfantaki) and its *Innovation Hub* (Alexandros Kaliontzoglou, Valia Babis, Giorgos Tsiatouras, Stelios Chrysomallis, Konstantinos Papistas, Panagiotis Sempas, Gerasimos Pefanis, Giorgos Moutsokos, Eleni Gkevrou, Christina Theodoraki), all of whom we sincerely thank.

INTRODUCTION

Thanks are also due to the *Bank's Centre for Climate Change and Sustainability* for its contribution to climate and sustainability issues.

For the technical support of the exhibition, we thank the Bank's *Technical and Administrative Support Department* and its *IT Department*.

For communication issues, we thank its *Communications Unit* and its *Press and Communication Adviser* Spyros Frangos.

Finally, we express our thanks to the *Bank of Italy* for granting us the rights to publish in Greek the – extremely useful for financial literacy – series of books “All for One - Economy for All”, distributed free of charge to visitors.

It is our hope that the educational exhibition “Personal Finance” will contribute to strengthening the financial knowledge and practices of both students and the general public.

Manos Kordakis

Deputy Director

Centre for Culture, Research and Documentation

The term “**personal finance**” simply refers to the way in which a **household** (either an individual or a family) chooses to take care of its finances, i.e. its money.

But what is the most efficient way to **manage** the **specific resources** at its disposal in order to satisfy the **needs** and **wants** of its members as best as possible?

Mastering personal finance is a journey that requires dedication, discipline and a commitment to **lifelong learning**. To be able to take control of our economic future, achieve our goals and enjoy the peace of mind that comes with financial stability, we need to acquire some basic knowledge and develop some simple skills, the most important of which are presented here.



NEEDS AND WANTS

The **economic problem** of any society stems from the difference between the multitude of **needs** that people seek to satisfy and the limited means (**goods** or **services**) that exist to satisfy those needs. The economic problem remains **unsolved**.

All things we buy are either goods or services. They usually fall into two categories – those that we actually **need** for our survival and those that we simply **want**. Knowing what category the ones we plan to get fall into is a great starting point for making a decision about what to buy.

Test

1. Imagine that you are walking down the aisles of a large store. How do you decide if something is worth spending money on?
2. What questions can you ask yourself to determine whether an item is a need of yours or a want?
3. You've got 300 euro. Find 3 items you want and 3 items you need to buy with this money.
4. Think of 3 items that could be considered a need for some people, but a want for others.



Watch the video:
Needs and wants

TYPES OF GOODS / SERVICES

Test

Having in mind the amount you can spend in a month, write down 3 **goods / services** that are a need to you and 3 more that you **want** to buy.

Find out which of the **12 basic types of goods / services** (shown in the next page) they fall into, and note the corresponding amounts you believe are required to acquire them.

NEED

Good / Service:
e.g. sneakers

Type:
e.g. clothing & footwear

Amount:
e.g. €80

1. _____
2. _____
3. _____

WANT

Good / Service:
e.g. trip to Rome

Type:
e.g. leisure & culture

Amount:
e.g. €1,000

1. _____
2. _____
3. _____



INCOME

Income is the **sum** of the proceeds (revenues) a person collects from their work or by utilising the goods they own.

Test

What do you enjoy doing?

Answer the following questions, being true to yourself:

1. Which topics do you enjoy studying? Which school lessons do you enjoy the most?
2. What are your skills? Which do you believe is your strongest skill or ability?
3. What are your interests outside of school/work?
4. Do you remember a situation where you helped others to organise a project?
5. Describe a situation in which you had to do team work to achieve a goal.
6. Describe your dream job.

Based on the answers you gave, name two jobs you would be satisfied with.

FINANCIAL DECISIONS

We use money every day. However, we don't always know how or why we come to certain financial decisions.

Our choices with regard to saving, consuming, or investing our income are primarily about our **personal** financial security and well-being, but they also affect the economy **as a whole**.

In formulating the various economic models that have been developed in the context of Economic Science, it is always assumed that all humans operate **perfectly rationally**. This means that we can express our preferences for available alternative scenarios, that our choices are consistent with our preferences, and finally that we are able to adequately evaluate these available alternative scenarios and their probabilities of realisation.

Our goal is, after thoroughly examining all existing information with clarity, to identify all possible options and choose the one that **maximises** our well-being.

QUIZ: WHAT TYPE OF CONSUMER ARE YOU?



1

Saving

- a. I know I must save, but it seems impossible.
- b. I love to save. I always have it in mind.
- c. I find it hard to save and this is disturbing sometimes.
- d. I spend money only on items I really need.
- e. Saving is something natural to me. I am a regular saver.

2

Credit cards

- a. More often than not, I forget to pay my bills.
- b. I don't mind buying a lot of things with my credit card, if I know I can easily pay it out. Otherwise, I do a lot of thinking before buying anything.
- c. I tend to use credit cards often and I always settle for the minimum payment.
- d. I'd rather not have a credit card at all, because I may be tempted to buy things that are not necessary to me.
- e. I always avoid using a credit card. I prefer cash or cheque.

3

When I want a specific item that costs more than what I can afford

- a. I will buy it and find a way to pay for it later on.
- b. I will save for it first and then go buy it.
- c. I will buy it, even if I can't afford it.
- d. Most of the things I want are not luxury items; therefore, I can afford them. Sometimes, when I do want something extravagant, I may buy it, even though doing so will make me feel very uncomfortable.
- e. If the item is very important to me and I can adjust my budget, I will buy it. If it's not, so important, I will not buy it.

4

When I feel under the weather

- a. Spending money will not make me feel any better.
- b. Planning how to make more money will make me feel better.
- c. Spending money is always exciting.
- d. Expenses make me feel even worse. Purchases have nothing to do with happiness.
- e. The last thing I'd do would be expenses. Saving more money or making a safe investment might lighten me up.

5

If I had won one million euro in the lottery, my first reaction would be

- a. I'd be really shocked, clueless on how to handle this.
- b. I'd be very happy. I'd start thinking immediately how to increase the money and at the same time use it for my pleasure.
- c. I'd be thrilled with the idea that I could buy anything I wanted from now on!
- d. I'd feel a bit guilty, thinking of all those people that have nothing. I'd consider using part of this money to help others.
- e. I'd feel overwhelmed, but very relieved that my future would be secure.



Answers:

More "a" replies
You avoid taking decisions relative to money.

More "b" replies
You like to see your money multiply. Saving and investing is your cup of tea.

More "c" replies
You like to spend. You don't think too much about how you are going to pay for your purchases.

More "d" replies
You overthink. You consider others having less than you and feel guilty that you have more.

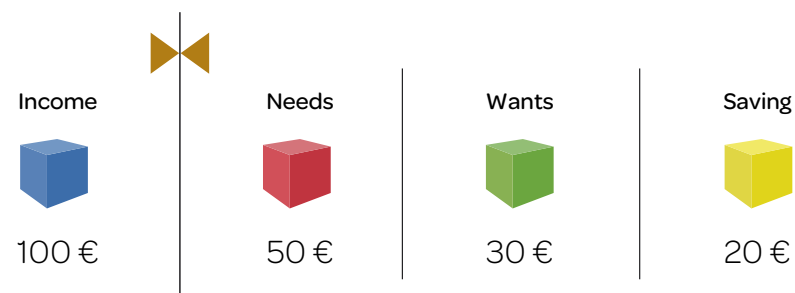
More "e" replies
You value money too much. You'd rather not spend anything and you don't enjoy it when it comes to spending.

BUDGETING

A budget is the recording, usually in an electronic or printed document, of the **forecast** of all our income / expenses for a certain period of time, e.g. one month.

A fundamental concept that any sound budget must address is the distinction between **regular** and **non-recurring** expenses (and, correspondingly, between regular and non-recurring income). Regular expenses are recurring and predictable, which means that they can be planned for: taxes and fees, motorbike service, annual maintenance of the heating installations, etc. On the other hand, non-recurring expenses (contingencies) refer by definition to something extraordinary, something we need to take care of in case of an unforeseeable or rarer event (e.g. an unexpected health issue or the replacement of our broken refrigerator).

Thus, in general, we should try to keep our budget (income / expenses) **balanced**.



CASHLESS PAYMENTS

To make an electronic payment, we must have a **payment account**, maintained with a **Payment Service Provider (PSP)**, i.e. a credit institution (e.g. a bank), an electronic money institution or a payment institution.

Through a payment account we can make simple transactions, such as depositing or withdrawing cash, as well as more complex ones, such as direct payments, transferring money to another individual or company, automatic payment of debts (e.g. electricity bill) and card payments.

SAVING

Saving some **part of our income** is important in order to meet expenses that could not be covered by our current income, either because they are unexpected (such as the sudden need to have an electrical appliance repaired) or because they are too high (buying a new car or apartment). In the former case, saving is for **emergencies**, while in the latter, it is for **large purchases**.

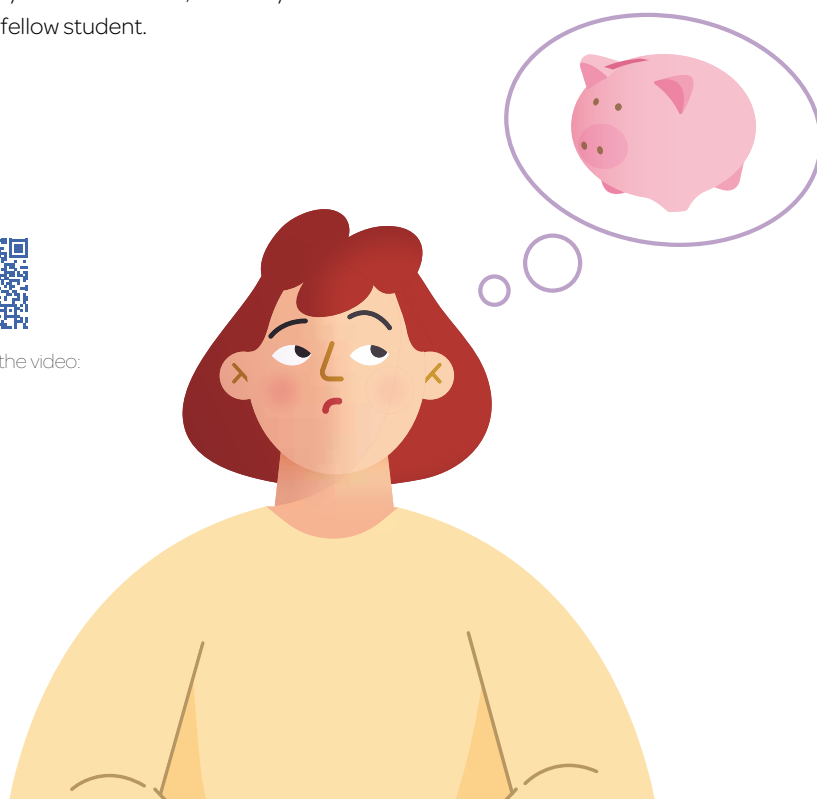
Test

Now or later? What would you prefer? Having 50 euro now or 100 euro in a week?

Justify your choice. Then, discuss your choice and rationale with a fellow student.



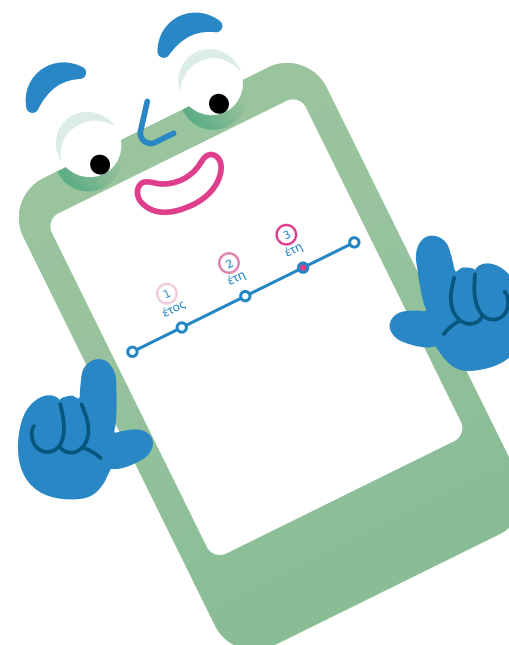
Watch the video:
Saving



CREDIT

The word “credit” originates in **creditum**, a Latin word meaning belief or conviction, in the sense of “trust”. Credit is therefore an amount given in trust that it will be returned (in banking terms, credit is also called trust). In other words, credit is **lending**.

Access to a loan (credit) enables us to immediately acquire a good that we need or want. At the same time, however, it requires us to **commit** to repaying the entire amount, plus the corresponding **interest**, since at some point we will have to pay back the loan we took.



Watch the video:
Credit



INFLATION

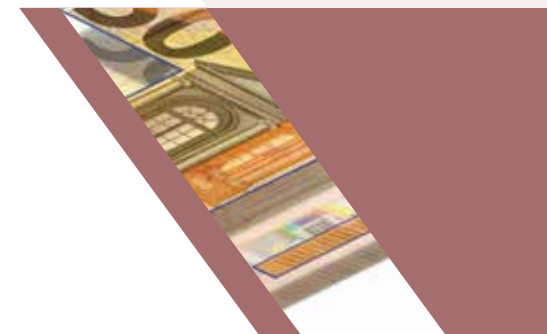
Simply put, inflation shows how much the prices of **goods** (such as food or clothing) and **services** (such as accounting assistance) increase over time. We usually measure inflation by comparing the **prices** of a basket of goods and services **today**, to their prices **a year ago**.

Test

In your own words, explain how inflation affects your savings.

BANKNOTE SECURITY FEATURES

At the Bank of Greece and the Eurosystem, we are constantly working to ensure that euro banknotes are safe, protected and wear-resistant.



COIN SECURITY FEATURES

Euro coins incorporate high security machine-readable features. Thus, they can be used in vending machines throughout the euro area, regardless of where they were issued.

An advanced composition of two metals and three layers has been used for the €1 and €2 coins.

The material of the 10-, 20- and 50-cent coins is a unique alloy (Nordic gold), which is hard to melt and used exclusively in coins.

The lettering on the rim of the €2 coin and the use of a unique metal composition for the 10-, 20- and 50-cent coins protect them from counterfeiting.

DIGITAL FRAUD

As our transactions have progressively become digital to a great extent, today a large number of financial scams have moved into the digital world.
Be careful!



Watch the video:
Pay attention
or the price



10 THINGS TO DO FOR SAFER TRANSACTIONS

10 Beware of ads

9 Regular monitoring

8 [https://...](#) and lock symbol

7 Accurate online address

6 Haste makes waste

5 Heed anything unusual

4 Viber messages

3 Push notifications

2 Alerts

1 Pay attention to the text of OTP messages

1

Pay attention to the text of OTP messages

Pay attention to the accompanying text of the messages you receive when they contain One-Time Passwords (OTPs). Transactions must only come as a result of your own actions.

2

Alerts

On all your devices, always keep the alerts activated, and the software and antivirus protection updated.

3

Push notifications

If you receive a notification regarding the activation of new devices, digital wallets or capital transfers without any prior action on your part, contact your Payment Services Provider (PSP) immediately.

4

Viber messages

Be mindful of messages from third-party messaging service platforms (such as Viber) regarding the activation of the service on a new device, without any prior action on your part. Contact your Payment Services Provider (PSP) immediately.

5

Heed anything unusual

Did you notice something unusual while using e-banking services? Contact your Payment Services Provider (PSP) immediately.

6

Haste makes waste

Ignore and reject any messages that instigate you to hasty actions in order to allegedly prevent unwanted situations regarding your bank account or payment card (e.g. imminent blocking, detection of a suspicious transaction, need to confirm information, etc.).

7

Accurate digital address

To log into the e-banking service of your provider from a PC, type the accurate online address and ignore the sponsored links that emerge on search engines.

8

[https://...](#) and lock symbol

Pay attention to the address of your bank's website. Make sure that there are no errors or variations and that "https://..." is used (or that a lock symbol appears next to it).

9

Regular monitoring

Check your account balance and transactions regularly.

10

Beware of ads

Be careful when posting public ads or expressing interest in other people's ads.

10 THINGS TO AVOID FOR SAFER TRANSACTIONS

10 Phishing / Smishing

9 Fraud reports

8 Security and other alerts

7 Alleged service providers

6 Personal data / payment info

5 Promising calls

4 Public and unprotected Wi-Fi networks

3 Software of dubious origin

2 Suspicious attachments

1 Links and QR codes

1

Links and QR codes

Do not follow links or QR codes that you receive through SMS or e-mail messages.

2

Suspicious attachments

Do not open files attached to messages of dubious origin.

3

Software of dubious origin

Do not install software of dubious origin in your PC and/or unofficial apps on your smart devices.

4

Public and unprotected Wi-Fi networks

Do not use e-banking services through public and/or unprotected Wi-Fi networks.

5

Promising calls

Do not trust callers who promise you money or high-return investment products, or inform you about an emergency situation.

6

Personal data / payment info

Do not reveal to third parties your credentials (accessibility / connection codes), one-time passwords (OTPs), payment information or other personal data (Tax Identification Number, Social Security Number, phone number, home address, etc.).

7

Alleged service providers

Do not respond to unexpected calls from alleged service providers (Microsoft, Post Office, Electricity Service, Tax Office, Bank, etc.), unless you have submitted a specific request.

8

Security and other alerts

Do not ignore security and other alerts from your payment service providers or the technological providers you use (e.g. when connecting to your Google account from a new device).

9

Fraud reports

Do not ignore official fraud reports by authorities and/or financial services providers.

10

Phishing / Smishing

Do not forget that a fraudulent message (e-mail or SMS) may appear as sent by an official institution.

CRYPTOCURRENCIES

Modern cryptocurrencies are a decentralised digital form of money. They are **not issued and supervised** by a central authority, they are controlled exclusively by their owners. Their mining is carried out through a series of operations performed by computers.

In most cryptocurrencies, the pillar of their system is the “**blockchain**” technology, which is a distributed database structure. Blockchain (chain of segments with grouped undeletable user transactions) serves as a **public ledger of encrypted transactions**, maintained and updated by its users, and digitally certifies any transaction.

Cryptocurrency transactions are **anonymous**, recorded in a single ledger and **accessible at any time** by participants.

CENTRAL BANK DIGITAL CURRENCY (CBDC)

Gradually, the use of cash is decreasing, while the use of electronic money in many and various forms is increasing. In this context, central banks are considering to issue a **digital currency**, currently known by the acronym **CBDC** (Central Bank Digital Currency). In essence it is “digital paper money” that can be used either by the general public for payments – and in this case we refer to retail CBDC – or between financial institutions to settle transactions in financial markets (wholesale CBDC).

In the EU, the European Central Bank (ECB) is considering the creation of a CBDC in euro called “**digital euro**”.

Describing CBDC in one sentence, we would say that it is the **digital equivalent of cash**. It will be issued by the **Central Bank** and available for use by all citizens. It will be complimentary to banknotes and coins, being an additional payment option.

Therefore, we are talking about legal tender that fulfills all three functions of money: it is at the same time a **means of payment** for transactions, an **accounting unit** for the valuation of all kinds of goods and services, and a **means of storing value** (i.e. it also pertains to saving).

OPEN FINANCE

Open Finance originated naturally from Open Banking.

It is characterised by methods and mechanisms for **sharing data** between different providers (banks, payment institutions, insurance companies, etc.) and creating an **open ecosystem** in the financial sector. It aims to remove any barriers and enable integration between different **financial services, platforms** and **providers**.

Just as Open Banking opened up access to financial data and in particular payment data, Open Finance extends this concept to include a **wider range of financial services to consumers**, such as lending, investing, insurance and other value-added services based on financial data of the consumers themselves.

ARTIFICIAL INTELLIGENCE (AI)

An Artificial Intelligence (AI) system is an information system that receives data and information and, based on specific techniques or methods, seeks to **serve human goals** by producing results that affect the environments with which it interacts.

Results can take the form of **content** (e.g. images, music or text), **assessments, recommendations** or even **decisions**. A human can perceive this interaction as the result of logical thought or as autonomous action, hence the use of the term “intelligence”!

Today, these systems have developed significantly and are **widely used** in several areas of human activity, mainly for two reasons: the **computing capabilities** of information systems have increased exponentially and the already huge **amounts of stored data** keep growing at unimaginable rates!

Financial institutions, such as banks, are already applying AI techniques to **detect fraudulent transactions, assess creditworthiness, provide investment advice**, as well as **communicate** and assist their customers using **chatbots**.



SUSTAINABILITY

Human activity – including consumer behaviour – puts more and more **pressure on nature**, reducing its ability to support life on the planet. Based on our total footprint on nature, it is estimated that we would need **1.6 planets Earth** to maintain the same lifestyle.

Consumers need **choices** in products and services that are **affordable** as well as **sustainable**, and having sufficient information on the importance of sustainable choices is essential for them in order to evaluate the available **information** properly before making a **financial decision**.

PERSONAL FINANCE ΠΡΟΣΩΠΙΚΑ ΟΙΚΟΝΟΜΙΚΑ



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