

Case Study: #6A Navigating the Digital Debt Dilemma

Introduction

Meet Jake, a tech-savvy high school senior who's always on the lookout for the latest gadgets and apps. He's recently started using several "Buy Now, Pay Later" (BNPL) services and a few credit card offers that seemed too good to pass up. While he enjoys convenience and instant gratification, Jake is starting to feel overwhelmed by the growing number of payments and notifications. Is he on the path to financial freedom or a debt trap?

The Problem

Jake's situation highlights the challenges of managing debt and credit in the digital age:

- **Easy Access to Credit:** The rise of FinTech has made it easier than ever to access credit, often with enticing offers and seemingly low barriers to entry.
- **Hidden Costs and Fees:** BNPL services and credit cards can come with hidden fees and high interest rates that can quickly accumulate if not managed carefully.
- **Impulse Spending:** The convenience of digital payments and BNPL can lead to impulse purchases and overspending.
- **Lack of Financial Literacy:** Many young people, like Jake, may not fully understand the implications of using credit and the importance of responsible debt management.

Questions for Students:

1. **Identify the Risks:** What are the potential risks and downsides of using BNPL services and credit cards, especially for young adults?
2. **Analyze the Impact:** How can Jake's current financial behaviors impact his credit score and future financial well-being?
3. **Debt Management Strategies:** What strategies can Jake implement to manage his debt effectively and avoid falling into a debt trap?
4. **FinTech Tools:** What are some FinTech tools and resources that can help Jake track his spending, manage his debt, and improve his financial literacy?
5. **Responsible Credit Use:** What are the key principles of responsible credit card use, and how can Jake build a positive credit history?