

Personal Banking

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Current accounts

A **current account** is an account which allows customers to take out or **withdraw** money, with no restrictions. Money in the account does not usually earn a high rate of **interest**: the bank does not pay much for 'borrowing' your money. However, many people also have a **savings account** or **deposit account** which pays more interest but has restrictions on when you can withdraw your money. Banks usually send monthly **statements** listing recent sums of money going out, called **debits**, and sums of money coming in, called **credits**.

Nearly all customers have a debit card allowing them to make withdrawals and do other transactions at cash dispensers. Most customers have a credit card which can be used for buying goods and services as well as for borrowing money. In some countries, people pay bills with cheques. In other countries, banks don't issue chequebooks and people pay bills by bank transfer. These include standing orders, which are used to pay regular fixed sums of money, and direct debits, which are used when the amount and payment date varies.

BrE: current account; AmE: checking account

BrE: cash dispenser, cash machine; AmE: ATM (Automated Teller Machine)

BrE: cheque; AmE: check

Banking products and services

Commercial banks offer loans – fixed sums of money that are lent for a fixed period (e.g. two years). They also offer overdrafts, which allow customers to overdraw an account – they can have a debt, up to an agreed limit, on which interest is calculated daily. This is cheaper than a loan if, for example, you only need to overdraw for a short period. Banks also offer mortgages to people who want to buy a place to live. These are long-term loans on which the property acts as collateral or a guarantee for the bank. If the borrower doesn't repay the mortgage, the bank can repossess the house or flat – the bank takes it back from the buyer, and sells it.

Banks exchange foreign currency for people going abroad, and sell traveller's cheques which are protected against loss or theft. They also offer advice about investments and private pension plans – saving money for when you retire from work. Increasingly, banks also try to sell insurance products to their customers.

BrE: traveller's cheque; AmE: traveler's check



E-banking

In the 1990s, many commercial banks thought the future would be in **telephone banking** and **internet banking** or **e-banking**. But they discovered that most of their customers preferred to go to **branches** – local offices of the bank – especially ones that had longer opening hours, and which were conveniently situated in shopping centres.

BrE: shopping centre; AmE: shopping mall

Complete the advertisement with words from the box. Look at A and B opposite to help you.

credit card

direct debit

savings accounts

current accounts


statements

standing order

debit card

foreign currency

traveller's cheques



Calling all students!

ABC Bank now offers 1% interest on (1) and 2.5% on (2) We will give you a chequebook and plastic: a free (3) for use in cash dispensers, and the possibility to apply for a (4) You can pay fixed monthly bills by (5) and other bills by (6) There are no account charges as long as you remain in credit, and we send you free monthly (7) We can also sell you (8) for your next holiday, or (9) for greater security. What are you waiting for? Call us today.

Find words in B opposite with the following meanings.

- 1 what you can earn when you leave your money in the bank
- 2 an amount of money borrowed from a bank for a certain length of time, usually for a specific purpose
- 3 something that acts as a security or a guarantee for a debt
- 4 an arrangement to withdraw more money from a bank account than you have placed in it
- 5 a long-term loan to buy somewhere to live
- 6 an arrangement for saving money to give you an income when you stop working
- 7 to take back property that has not been completely paid for

Are the following statements true or false? Find reasons for your answers in A, B and C opposite.

- 1 Current accounts pay more interest than savings accounts.
- 2 There is less risk for a bank with a mortgage than with unsecured loans without collateral.
- 3 Traveller's cheques are safer for tourists than carrying foreign currency.
- 4 The majority of customers prefer to do their personal banking at the bank.
- 5 Bank branches are now all in shopping centres.



Over to you

Do you prefer to go to the local branch of your bank, or to use the internet or the telephone? Why? Why do you think most customers still prefer to go to the bank?