

A

Traditional banking

'I'm Elizabeth. I have an **account** at the local **branch** of one of the big **banks**. I have a **current account** which I use to write cheques, make bill payments, and so on. It's a **joint account** with my husband. Normally, we're **in the black**, but sometimes we spend more money than there is in the account and we **go into the red** and have an **overdraft**. We have an **overdraft facility** – an agreement with the bank to be in this situation as long as the overdraft stays within a certain amount. There are **charges** that are taken from the account if we **go overdrawn**. And of course we pay **interest** (see Unit 32) on the overdraft. The **interest rate** is quite high.



Note

BrE: **current account, cheque account**
AmE: **checking account**
BrE: **cheque**; AmE **check**

'I also have a **deposit account** or **savings account**

for keeping money for the longer term. This account pays us **interest** but not very much, especially after tax!

'We have a **credit card** with the same bank too, plus other cards with other **credit card companies**. Paying with **plastic** is very convenient. But we **pay off** the total amounts we've spent every month, so we don't pay interest on these, luckily.

'We also have a **mortgage** – a loan to buy a house. This is with a type of bank called a **building society**. Luckily, we were not affected by the **credit crunch**, when banks were much more hesitant to lend than before, or **negative equity**, when house prices fell and left some buyers owing more on their mortgage than their house was worth.'

B

Internet banking

'In the old days, there was always a queue when I went to my bank, but now they offer **internet banking**. Through my computer at home, I can check my **account balances** – the amount I have in each account – and **transactions** – money going in and coming out. I can even **apply for a personal loan** online. If there's a problem, I can always phone the bank's **call centre** (see Unit 24).'

C

Personal investing

'We have some **unit trusts** – shares in **investment companies** that put money from **small investors** like me into a range of companies. One type of unit trust here in the UK is in the form of an **ISA** – an **individual savings account** – but there are many other **financial products** available for **savers**.

Note

BrE: **unit trusts**
AmE: **mutual funds**

'My husband and I have **life insurance** which would **pay out** if either of us dies. This is just one of the **insurance policies** that we have.

'I pay **contributions** into a **private pension**, which will give me a regular income for my **retirement** when I stop working (see Unit 7). I've never joined a **company pension scheme** and the government **state pension** is very small!

'I'm lucky: I recently received a **windfall**, an unexpected one-off increase in the value of my **pension fund**, when my pension company was **demutualized** (see Unit 12).

'Some **financial institutions** now offer all these **financial products**.'