

1

Money matters

- understand and use basic financial terms
- explain personal banking habits and facts
- describe different types of financial organisations
- understand and explain how investment banks work

Managing your finances

Reading 1 Look at Maria's bank statement. Complete her account summary.



First Bank

Ms Maria Roberts
68 Glenridge Road
Birmingham
BR5 5QT
United Kingdom

Account summary

Opening balance £2,300
Payments in £(1) _____
Payments out £(2) _____
Closing balance £3,714
Overdraft limit £2,100
IBAN: GB10FIRST43760959233021
BIC: FIRSTGB6043C
Sort code: 437609
Account number: 59233021
Sheet number: 20

23 December to 22 January
Account name: Ms Maria Roberts

A Your current account details

Date	Payment type	Details	Paid out	Paid in	Balance
22 Dec		Balance brought forward			£2,300
23 Dec	Transfer	B Salary		£2,423	£4,723
27 Dec	Withdrawal	C ATM No. 32	£250		£4,473
31 Dec	Credit	D Interest		£34	£4,507
04 Jan	E Standing order	Rent	£450		£4,057
06 Jan	F Direct debit	Telephone	£57		£4,000
15 Jan	Direct debit	Home insurance	£68		£3,932
21 Jan	Direct debit	Credit card	£218		£3,714
			£1,043	£2,457	
		G Balance carried forward			£3,714

IBAN =
International Bank
Account Number
BIC = Bank
Identifier Code
ATM = Automated
Teller Machine

2 Match sentences 1–7 to letters A–G on the bank statement in 1.

- 1 Maria has a current account. ____
- 2 Maria sees how much money she has at the end of the month. ____
- 3 She pays her rent every month by standing order. ____
- 4 She pays other bills by direct debit. ____
- 5 She withdraws cash at ATMs. ____
- 6 She receives her salary on the 23rd of the month. ____
- 7 She receives interest once a year. ____

Vocabulary 3 Complete these sentences with the words in the box.

ATM balance credit current account direct debit
home insurance rent salary standing order withdrawal

- 1 My _____ shows how much money I have in my account.
- 2 I have a(n) _____ at my bank to make payments and receive money.
- 3 I see a(n) _____ on my account when someone pays money into it.
- 4 I usually get cash out of my account at a(n) _____ .
- 5 I make the same payment every month with a(n) _____ .
- 6 My employer pays my _____ into my account.
- 7 I have _____ to protect my home.
- 8 I pay bills each month automatically. I use _____ .
- 9 Every month I pay _____ for my flat.
- 10 I take money from my account. It is a(n) _____ .

Speaking 4 Work in pairs. Look at Peter's monthly budget and answer these questions.

- 1 How much does Peter pay for insurance every month?
- 2 How much salary does Peter receive?
- 3 How much does Peter pay for petrol every month?



Income		Outgoings	
salary	£1,821	rent	£575
		food	£370
		electricity: monthly payment	£56
		home insurance: monthly payment	£28
		credit card	£126
		pension contributions	£115
		clothes	£24
		car insurance: monthly payment	£42
		petrol	£35
		savings	£150
		other	£220

Language

Present simple

We use the **present simple** to talk about facts, repeated actions and habits.

*My current account **doesn't pay** interest. (fact)*

*She **pays** her rent every month by standing order. (repeated action)*

*We **withdraw** cash at an ATM. (habit)*

5 Look at the questions in 4. Write five more questions about Peter's income and outgoings. Then ask a partner.

A: How much does Peter pay for rent every month?

B: He pays £575.

Speaking 6 Write your own monthly budget. Show your income and outgoings. What is your balance at the end of the month? Ask your partner about their monthly budget. Do they have any direct debits or standing orders? Which bills do they pay with them?

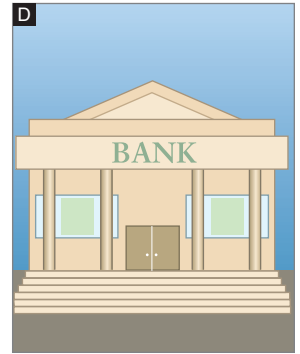
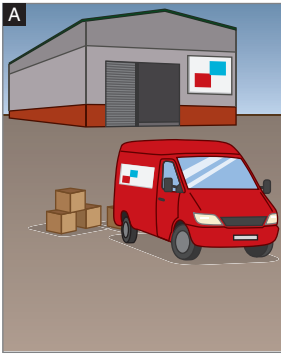
Writing 7 Write a short report about the money that you spend each month.

Every month I receive I pay for I buy

Finance and the economy

Speaking 1 Work in pairs. What activities do these illustrations represent? Are these activities important for the economy? Why/Why not? Use the words in the box to help you.

buy factory finance housing market manufacturing
produce retailing sell



Vocabulary 2 Match words 1–9 to definitions a–i.

- | | |
|--------------|---|
| 1 loss | a) money that you borrow from a bank |
| 2 demand | b) selling something for less than you buy it for |
| 3 share | c) money that you pay to borrow money |
| 4 interest | d) ownership of part of a company |
| 5 investment | e) income greater than expenses |
| 6 supply | f) goods and services that people sell |
| 7 profit | g) money that you borrow to buy a house or flat |
| 8 loan | h) money that is put into a business |
| 9 mortgage | i) goods and services that people want to buy |

Reading 3 Complete this introduction to finance from a consumer website with words from 2.

The economy and the world of finance

Two key principles of the economy are supply and demand. Some people have goods or services to sell and other people want to buy those goods or services. The relationship between supply and (1) _____ is very important. The world of finance is a necessary part of the economy.

People need money to do business. Banks first collect money from customers. Then they lend money to people or institutions. Customers who borrow money pay (2) _____ to the bank until they pay the money back. There are different types of (3) _____. For example, people

who want to buy a house or flat usually choose a(n) (4) _____.

(5) _____ in shares of stock is another part of the financial world. People buy shares and then own a part of a company. They hope to make a(n) (6) _____ when the company does well. When the company does not do well, the investor makes a(n) (7) _____.


These are some of the ways that financial institutions help the economy.

- 4** Match 1–6 to a–f to make sentences.
- | | |
|-----------------------------|-----------------------------------|
| 1 Customers pay interest on | a) money to customers. |
| 2 The economy needs | b) make investments? |
| 3 Banks often lend | c) lend money to every customer. |
| 4 Do you sometimes | d) a mortgage? |
| 5 We don't | e) money they borrow. |
| 6 Do they have | f) strong financial institutions. |
- 5** Which sentences in 4 are facts? Mark these *F*. Which are repeated actions or habits? Mark these *R/H*.

- Speaking 6** Work in pairs. Discuss these questions.
- 1 Why is the relationship between supply and demand important?
 - 2 In your country, which goods and services are popular?
 - 3 Do the prices of these goods and services change often? Give examples.

- Vocabulary 7** Match words 1–4 to their opposites a–d.
- | | |
|----------|-----------|
| 1 borrow | a) sell |
| 2 loss | b) supply |
| 3 demand | c) lend |
| 4 buy | d) profit |

- 8** Write sentences with the words in 7.
There is a big supply of houses but there is no demand for them.

- Listening 9**  Listen to two telephone conversations and match speakers 1 and 2 to sentences a–c. There is one extra sentence.
- a) This customer has a question about interest. ___
 - b) This customer wants to invest in a company. ___
 - c) This customer needs a mortgage. ___

- 10** Now complete the conversations with words from 7. Then listen again and check your answers.

- 1 A: Good morning. AFC Bank, can I help you?
B: Good morning. I am a customer of the bank and I want to (1) _____ some money.
A: Yes, sir. Which department do you want? Er ... what is the money for?
B: I want to (2) _____ a flat.
A: Just a moment. Oh yes, Mr Sharma is free.
- 2 A: Good morning, I am interested in shares of NewCom.
B: Oh yes. Just a moment. I see that the price is quite high at the moment.
A: I don't want to buy expensive shares and sell them for less.
I don't want to make a(n) (3) _____ .
B: I understand. AllTech looks good today. The (4) _____ for their shares is not so high at the moment.
A: That sounds interesting. I want to make a(n) (5) _____ with this investment.

- Speaking 11** Work in pairs. Discuss these questions. Give details.

- 1 Do you pay rent or do you own a flat?
- 2 Do you have a mortgage? Do you pay interest on it?
- 3 Do you get interest on your current account?
- 4 Do you make investments?



Banks and building societies

Vocabulary 1 Match words 1–6 to definitions a–f.

- | | |
|--------------------|--|
| 1 merger | a) you use money in this account every day |
| 2 takeover bid | b) two companies become one company |
| 3 pension | c) you save money in this account over a long time |
| 4 current account | d) one company tries to buy another company |
| 5 deposit account | e) a special bank for deposit accounts and mortgages |
| 6 building society | f) you save this money for when you stop working |

Listening 2  03 Listen to three conversations and match speakers 1–3 to the financial institutions they work in A–C.



3 Work in pairs. Look at activities 1–9 below. Discuss which activities the institutions in 2 do. You can match some activities to more than one type of financial institution.

- | | |
|---|---|
| 1 arrange mergers ____ | 6 give financial advice to companies ____ |
| 2 help customers save for pensions ____ | 7 take deposits from customers ____ |
| 3 arrange takeover bids ____ | 8 help companies sell their shares ____ |
| 4 offer current accounts ____ | 9 offer special deposit accounts ____ |
| 5 mostly arrange mortgages ____ | |

4  04 Listen to three experts and check your answers in 3.

Speaking 5 List some examples of the institutions in 2. Then work in pairs and compare your lists. Do any names appear on both lists?

Language

Present simple with adverbs of frequency and time expressions

We use the **present simple** with adverbs of frequency and time expressions to say how often something happens.

*I **often give** financial advice to companies.*

Adverbs of frequency (e.g. *usually, mostly, often, sometimes, seldom, rarely, never*) come after the verb *be* and before other verbs.

*I **am rarely** late to work.*

*He **never arranges** takeover bids.*

Time expressions (e.g. *every day/week/month, in the morning/afternoon/evening, on Monday, from Monday to Friday*) come at the beginning or end of the sentence.

*We advise customers **from Monday to Friday**.
I open accounts for customers **every day**.*

6 Write five sentences about one of the institutions in 2. Then read them to a partner and ask him/her to guess the institution.

They usually/mostly/never ...

Vocabulary 7 What are these people doing? Match sentences 1–8 to illustrations A–H.



- 1 They are talking about a mortgage. ___
- 2 He is opening his safety deposit box. ___
- 3 They are talking about interest on savings. ___
- 4 She is withdrawing money from her account. ___
- 5 They are discussing insurance. ___
- 6 She is depositing money into her account. ___
- 7 They are talking about the terms of a loan. ___
- 8 He is opening an account. ___

Language

Present continuous

We use the **present continuous** to talk about actions happening now, at the moment of speaking. We often use it with time words such as *now, right now, currently* or *at the moment*.

He's opening a current account at the moment. Is he withdrawing money from his account? Yes, he is./No, he isn't.

We don't use stative verbs (e.g. *like, know, want*) in the present continuous.

I don't need a current account at the moment.

- 8** Read this part of an advertisement for Heart of Gold Building Society. Complete it with the correct present simple or present continuous form of the verbs in brackets.

This is why we always (1) _____ (offer) the best interest rates to our customers. We (2) _____ (want) to give *you* the profits. At the moment we (3) _____ (offer) special current accounts and deposit accounts to new customers. We also (4) _____ (know) that many customers (5) _____ (want) to buy a house or flat. That is why we (6) _____ (feel) that loans for housing

(7) _____ (be) important. We (8) _____ (arrange) special terms now for first-time customers. We (9) _____ (believe) our products are just what you need. So what (10) _____ (you / wait) for? We (11) _____ (be) here to help you. Our doors (12) _____ (be) open from 8 to 5 Monday to Friday.

- Writing 9** Write a short paragraph describing what an institution you use offers and what is happening there at the moment.

My local building society offers very good mortgage deals. At the moment they are charging four percent interest.

Investment banks

Vocabulary



- 1** What do investment banks do? Match phrases 1–5 to definitions a–e.
- | | |
|-------------------------|---|
| 1 issue shares | a) work against someone trying to buy a company |
| 2 fight takeover bids | b) help someone with money and investments |
| 3 raise capital | c) offer parts of a company to investors |
| 4 underwrite securities | d) get money to run a business |
| 5 give financial advice | e) arrange to sell shares to investors and to guarantee a minimum price |
- 2** Complete these sentences with the words in the box.

acquisition analyst Brokerage Department buyout investment fund
IPO merger stock market strategic planning

- A(n) _____ stands for 'initial public offering'. It is the first time a company sells its shares to investors.
- A company does _____ so it is ready for the future.
- The _____ is the section of a bank which buys and sells shares for customers.
- A(n) _____ happens when a company or person buys another business. This is also called a(n) _____.
- A(n) _____ is a fund which takes money from all its clients and invests it.
- A(n) _____ looks at information and decides what to do with it.
- When two companies join together to make one, this is a(n) _____.
- People buy shares on the _____.

Language

Definite article (*the*), indefinite article (*a, an*) and zero article

We use **the** before groups and nationalities or when there is only one of something.

The British don't generally use pre-paid credit cards.

We use **a(n)** before a job or place of work, and to talk about something or someone that is part of a group.

I'm a mortgage adviser. What do you do?

We use **no article** before company names, days, months and years, and before plural nouns, to talk about something in general.

Shoba has an interview at HSBC on Wednesday.

- 3** Complete these sentences with *a, an, the* or no article (-).
- | | |
|---|---|
| 1 Do you have _____ current account? | 4 Do you know what _____ interest rate is this week on loans? |
| 2 What _____ accounts does your bank offer? | 5 Is there _____ investment bank in your town/city? |
| 3 Is there _____ ATM in your bank? | 6 Why does a customer need _____ standing order? |

- Speaking 4** Work in pairs. Discuss the questions in 3.

Review

Listening 1  **05** Listen and match speakers 1–7 to activities a–h. There is one extra activity.

- a) opening a deposit account ____
- b) getting a safety deposit box ____
- c) arranging a buyout ____
- d) fighting a takeover bid ____
- e) asking about a mortgage ____
- f) asking about strategic planning ____
- g) asking about a current account ____
- h) thinking about an IPO ____

Language 2 Complete these sentences with the correct present simple or present continuous form of the verbs in brackets.

- 1 In my job I _____ (give) advice to clients about mortgages.
- 2 Building societies _____ (usually / not offer) current accounts.
- 3 Today I _____ (give) financial advice to a new client.
- 4 Mr and Mrs Smith _____ (want) to buy a flat this year.
- 5 What _____ (you / like) about your job at the bank?
- 6 Our bank _____ (be) open from 8 to 5.
- 7 This week we _____ (issue) shares for a client and we _____ (sell) them on the stock market.
- 8 He _____ (usually / help) customers with mortgages.

3 Complete these sentences with *a*, *an*, *the* or no article (–).

- 1 He is _____ analyst at _____ investment bank in London.
- 2 She works in _____ Brokerage Department at _____ Atlantic Bank.
- 3 They are _____ investment bankers.
- 4 We work at _____ building society in Vienna.
- 5 _____ job I have in Dubai is great.

Vocabulary 4 Match 1–6 to a–f to make sentences.

- | | |
|---------------------------------|---------------------------------|
| 1 Retail banks always | a) withdraw money from the ATM. |
| 2 In some countries banks never | b) give advice to companies. |
| 3 Investment banks usually | c) offer cheques to customers. |
| 4 Companies sometimes | d) offer current accounts. |
| 5 Customers often | e) offer mortgages. |
| 6 Building societies mostly | f) make takeover bids. |

Speaking 5 Work in pairs. Student A, look at the information on this page. Student B, look at the information on page 70. Follow the instructions.

Student A

You are a customer. You hear that the building societies Homemaker and Save and Build are merging. Ask Student B, a Homemaker employee, for details.

6 Work in pairs. Answer this question using adverbs of frequency and time expressions.

What sort of things do you do in your job?
In my job I always/never/mostly ...