

BANKS AND BANKING - KEY

1. What do banks pay people who leave their money there ? **interest**
2. How do banks make profits? **they charge higher interest on loans than they give to saving accounts**
3. What kind of services do banks offer their customers? **checking account, savings account, credit cards**
4. What is an ATM? automatic teller machine – **you can withdraw money from your account without going to a bank**
5. What is a mortgage? **agreement between a customer and a bank; the bank lends you money to buy a house and you pay it back with interest over a long period of time**
6. What do investment banks do? **help organizations and large companies raise money on financial markets**
7. Name two or three important central banks. **Federal Reserve (USA), Bank of England**
8. What are development banks? **financial organizations that help developing countries**
9. Where are the world's biggest banks located? **China, United States, Japan and Europe**
10. Which bank is responsible for the value of the Euro? **European Central Bank**
11. Why are online banks becoming more popular? **they can give you higher interest rates**
12. What kind of rules must banks all over the world follow? Why? **the Basel accords because banking is a global service**
13. Which country was the centre of banking during the Middle Ages? **Italy**
14. When did the first global banking crisis happen? **during the Great Depression in 1929**
15. What did Franklin D. Roosevelt do to help people who had deposited money in American banks? **the government guaranteed savings if a bank went bankrupt**
16. What happened during the banking crisis of 2008 ? **banks gave mortgages without checking if the buyers had the money to pay them back; house prices dropped, banks lost money**