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| Name: Date: |

# Current Accounts

Do now activity:

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| **Question:** | **Your answer:** |
| Give two disadvantages of using cash. |  |
| What is expenditure? |  |
| Give an example of a life event which will affect the role of money. |  |
| What is a pre paid card and when might it be used? |  |
| What is a direct debit? |  |

A **current account** is an account with a bank or building society that is designed for frequent use. Money can be paid in and withdrawn on a daily basis without the need to give notice. Most people will use a current account to get wages paid into, to pay cheques into and out of, pay bills and other frequent expenses, and to withdraw cash.

***Task:*** In your own words (or bullet points) write down what you understand a current account to be:

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In the same way business changes the features of its products to try and be competitive and attract customers, banks will try to attract customers by changing the features of the accounts.

***Think, Pair, Share:*** Can you think of any features of a current account?

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**Features of a current account:**

* The amount of interest paid on any positive balance

*Key term:*

Overdraft =

* The rate of interest charged on a negative balance
* Overdraft limit
* Charges on unauthorised overdrafts
* Additional incentives

There are a number of **types** of current accounts. These are:

1. Standard

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1. Packaged, premium

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1. Basic

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1. Student

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**Advantages and Disadvantages of different current accounts**

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| **Type of current account** | **Advantages** | **Disadvantages**  |
| Standard |  |  |
| Packaged, premium |  |  |
| Basic |  |  |
| Student  |  |  |

**Practice**

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| **Account Name** | **Interest paid on positive balance** | **Interest free overdraft and additional overdraft** | **Charges for unauthorised overdraft** | **Conditions** | **Other** |
| *Student first* | 3% between balances between £500 and £3000 | Up to £500 in first year increasing to up to £1500 in subsequent yearsNo additional overdraft | £25 administration£5 daily charge | None | £100 Waterstones voucherAbility to apply for a student credit card |
| *Varsity account* | None | Up to £1000 in first 3 yearsUp to £3000 if studying for a 4th and 5th year | £10 a month penalty plus 8% on outstanding balance | Must pay £250 a month into account | 4 year student railcard plus 10% discount on national coach travel |
| *Student sense* | 1% up to £2001.5% up to £10002% up to £3000 | Up to £1500 per year  | £35 administration £5 daily charge | Must register for online banking | 3 year student railcardDebit card10% discount on student insurance |
| *Student ABC* | 0.5%, no upper limit | Up to £1000 in year 1 and £3000 in year 2 and beyond |  | Must register for online bankingMust pay £100 per month into account | £60 cash deposit  |

Abdi has just finished sixth form and is going off to Westminster University in September. During the summer he starts looking at which student current accounts are available. He realises there is quite a lot of choice and isn’t sure how to pick the best one. He makes a table summarising the different student current accounts available. Read through the options and answer the questions which follow.

1. Outline why Abdi should open a current account

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1. Which student current account do you recommend Abdi goes with? Justify your answer.

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1. For you personally, what would your priorities be when choosing a student current account? (what features are most important to you?)

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1. Why do you think banks try hard to attract student customers?

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