

Reading and Speaking Practice

What is an overdraft?

This is when you take more money out of your bank account than you have in it. So your account balance is, e.g., - €50.

How is this possible?

If you have €20 in your account, you can go to the ATM and take out €20 but no more. But if you write a cheque for €30, or make a laser payment of €30, the bank might allow the money to come out of your account as a loan. But you will have an overdraft of €10.

What happens when I have an overdraft?

The bank will charge you money for the overdraft **and** they will charge you interest for the €10 loan!! Sometimes you can agree with the bank to have an overdraft, but this is usually only for university students and it's very expensive in interest and charges. Most banks do not want you to have an overdraft!!

Ask your partner these questions:

What is the name of the bank where you have your account?

Do you have an overdraft facility in your bank account?

If yes, do you use it? If no, would you like to have one? Can you get one in your bank?

Do you think overdrafts are a good thing or a bad thing? Why/Why not?