

Exercise 18 (a). ECCO is a Danish shoe company, which has its shop in Tashkent. Complete the text with verbs in the box in the correct form.

Karl Toosbuy (1) (to set up) Ecco 1963. 5 years later it (2) (to be) the main shoe manufacturer in Denmark and in 1977 sales (3) (to rise) to over Dkr 1 million. The company's first foreign factory (4) (to open) in Portugal in 1984. In the 1990s, the company continued to expand. Ecco (5).....(to open) another factory in Indonesia in 1991. The company's sales (6) (to go up) to over Dkr 1,000 million the following year. In 1993 they (7) (to start) to produce shoes under licence in China and the year after that, production (8) (to begin) in a new Ecco factory in Thailand. The company now (9) (to sell) more than 7 million pairs of shoes per year worldwide. The main markets are Germany, Japan, and Denmark. Some years ago Ecco opened their shoe shop in Tashkent. Today Ecco (10) (to be) is a big international company, but it is still a family business.

UNIT 8. BANKING AND THE STRUCTURE OF A BANK

Exercise 1. Answer the following questions.

1. What role do banks play in the economy of a country?
2. What role do they play in people's life?

Exercise 2. Read the text.

Banking and the structure of a bank

Banks play a very important role in our daily lives. Banking started when men began to trade. The first method of trade was **barter**, i.e. one thing was **exchanged** for another. The English, French and Italian merchants set up small lending houses. The first bank was founded in Italy in Genoa in 1405; its name was Banco di San Giogio (Bank of St. George). The word 'bank' comes from the Italian word 'banco', which means a moneychanger's bench.

Nevertheless, banking, which we know, began in the 16th century in England. Goldsmiths in England had rooms in which they kept their own gold, and soon they started looking after other people's valuables as well. When a goldsmith received gold, he gave a **receipt**. People started taking these receipts instead of the gold. The exchange of receipts was more convenient than exchanging large quantities of gold. The banking business developed quickly. Thousands of people became bankers. They earned their living by lending money to others. Each banker **issued** his notes. In

1694, the Bank of England was founded. In 1844, the Bank Charter Act gave the Bank of England the monopoly to issue notes.

Banks deal with the **flow** of money in and out of the economy. Many banks offer a combination of wholesale and retail banking. Wholesale banking provides large-scale services to companies, government agencies and other banks. Retail banking mainly provides smaller-scale services to the public.

Banks have three main functions, which are the basis of the services offered by banks:

- deposits
- payments
- credits

How do banks **earn** money? If banks were in the manufacturing business, it would be easy to understand how they make money. A manufacturer purchases raw materials, converts them into finished products, and sells them. A bank does the same thing. On the one hand, people **deposit** money in the bank. They ask the bank to place it in their accounts. (There are two types of accounts: a current account and a savings **account**. A current account is an account from which a customer can withdraw money at any time. A savings account is a type of deposit account, which pays a favorable rate of interest.) On the other hand, the bank lends money to people who need it, i.e. people borrow money from the bank. The bank collects money from its **depositors**, and **places** this money so that it makes profit as large as possible. The bank charges **interest** on the money it lends, i.e. the bank lends money to a customer and he/she has to **repay**, a little, more than he/she borrows. The bank also pays interest on the money the depositors place with the bank. The main thing is that the interest, customers pay on the loan, which the bank gives them, is higher than the interest, which the bank pays its depositors. For example: a bank agrees to pay 3% interest on its customers deposits (raw materials) and uses part of those deposits to make loans (the finished products) at 7.5% interest. The **earnings** from the 7.5% interest on its loans must be sufficient for the bank to cover the cost of paying the 3% interest it owes its depositors. By doing it the bank makes its profit. Banking profits mainly come from three sources – interest earned on loans, interest and trading profits on investments, and fees and commissions **charged** for services.

The balance sheet of a bank gives a view of its financial situation at one point in time, usually 31 December of a particular year. The profit and loss account gives the information of the period between two balance sheets.

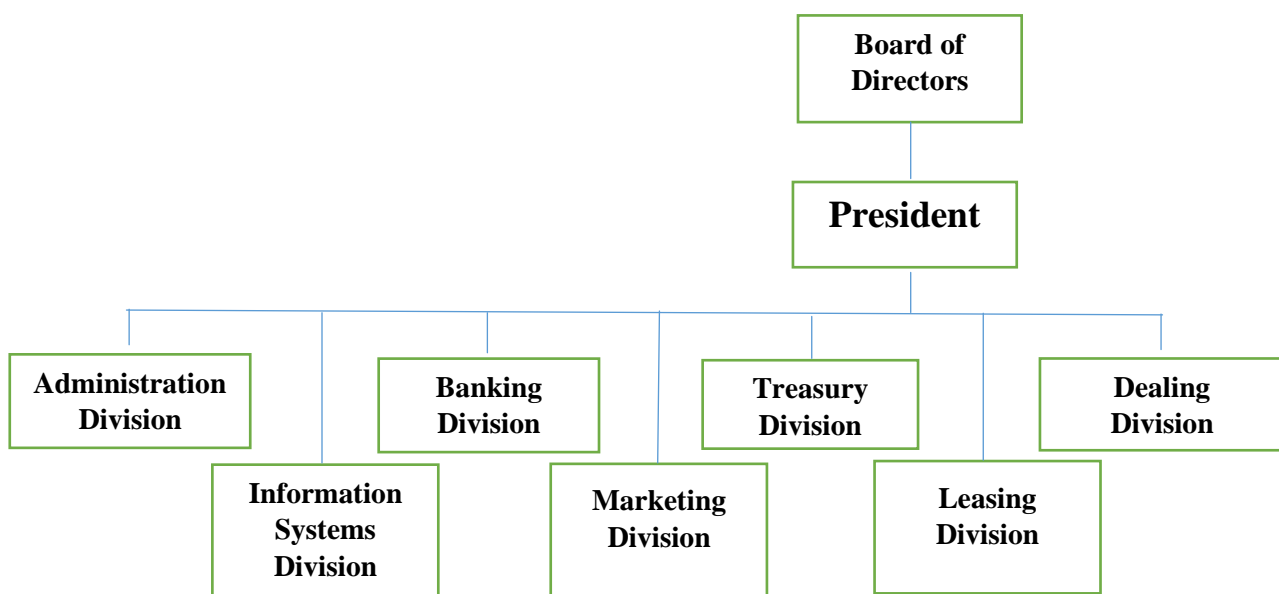
Banks also provide other services: they can provide **deposit boxes** for their customers so that they could keep their valuables there.

Now there is a new type of banking, it is online banking (Internet banking). Customers can make payments and other **transactions** over Internet This form of

banking can be done outside business hours and from anywhere with Internet access. Internet banking includes payment of bills, funds **transfers**, loans applications and others. There are some new banks, which operate exclusively online. These banks offer high interest rates on savings accounts and low rates on loans because their overheads are much lower than those of traditional banks.

Besides banks, there are other financial institutions: Credit Unions, Insurance companies. Mortgage and Finance companies, Investment and Securities firms and others.

Different banks may have different structures, but they all have something in common. Here you can see the organizational chart of a bank, which is typical for many banks.



The Administration Division **covers** administrative as well as personnel, premises, legal services and others. The Banking Division serves consumers. The **Treasury** Division has a wide range of operations, which includes investment portfolio management, government **bonds**, commercial papers, etc. the Dealing Division deals with foreign exchange, money market transactions and other operations. The Information Systems Division provides computer services. The Marketing Division develops marketing strategy, promotes all banking. The Leasing Division organizes leasing packages.

Exercise 3. Answer the following questions.

- 1 When did banking start?
- 2 What are the functions of banks?
- 3 What other services does a bank provide?
- 4 How does a bank earn living?

- 5 How does a bank make a profit?
- 6 What is interest?
- 7 What kinds of banks are there in a banking system?
- 8 What is the difference between a current account and a savings account?
- 9 What kinds of banks are there in Uzbekistan?
- 10 What initial deposit is needed to open an account in a bank in Uzbekistan?

Exercise 4. Who is who in finance? Match the roles in column A with the description in column B. Put the figure next to the chosen description.

1 stockbroker	He gives advice on financial problems.
2 bank manager	He examines the books and accounts of companies.
3 accountant	He checks that people pay enough tax.
4 financial adviser	He runs a bank.
5 auditor	He has overall responsibility for the financial side of running a business.
6 private investor	He has a small sum of money to invest. He buys and sells shares for clients.
7 finance director	He keeps company accounts and prepares financial documents.
8 tax inspector	He is responsible for a bank.

Exercise 5. Look at the terms in the left-hand column. Match each one with its correct definition in the right-hand column. Put the figure next to the chosen definition.

		a. An amount of money that a client owes a bank, when he has spent more money than he has in account.
		b. Activities where one bank acts as an agent for another bank.
1. audit	()	c. The difference between the face value of a loan the market value
2. overdraft	()	d. The charge made for borrowing a sum of money.
3. correspondent banking	()	e. A loan, usually to buy a property, which serves as security for the loan.
4. bonds	()	f. The inspection of an organization's annual accounts.
5. loan	()	g. The price of one currency in terms of another.
6. margin	()	h. Money lent on condition that it is repaid on agreed dates and rate of interest
7. securities	()	i. Interest-bearing certificates issued by a government, promising to pay the holder a specified sum on a specified date.
8. exchange rate	()	j. Shared and bonds, investment certificates with a fixed interest rate.
9. mortgage	()	
10. interest	()	

Exercise 6. Read the following statements. Tick 'T' if they are true or 'F' if they are false.

True or False

1. No initial deposit is needed to open an account.
2. The interest rate in savings banks is 45% in Uzbekistan.
3. If a customer has a current account he can withdraw his money from it any time.
4. If a customer has a savings account, he cannot get his money when he needs it, only at the end of the required period.
5. A customer does not need to fill in the application form and a deposit ticket when he wants to open an account.

Exercise 7. Complete the following extracts using the words from the box. One word may be used more than once.

Lent, to borrow repaid creditor, borrowed withdraw debtor a loan, overdraft, account

I. When Jack finished college he opened a bank (1). Some time later Jack decided to buy a motorcycle. He went to a bank. When he came to the bank he found

out that he could not (2) any money because he had gone over his (3) limit. So Jack had (4) money from his friend Bill.

II. Bill gave Jack \$5,000. We can also say that Bill(5) Jack \$5,000. And Jack(6) \$5,000. Bill gave him (7) of \$5,000. So Jack became Bill's (8) and Bill became Jack's(9). After six months Jack (10) the money to Bill.

take out, debt, limit, credit card, cash machine, cash card*

III. Sheila got her first(1) when she was a student. At that time it had a (2) of € 3,000. When she got her first job, the bank raised the limit to € 10,000. Sheila spent too much and got into (3). At the end, she paid back the (4).

IV. One day Tom withdrew money at a (5) with his(6). Later he found out that his card had gone - someone had stolen it. He remembered someone was looking over his shoulder when he was at the cash machine. They used his card to(7) all the cash in his cheque account.

*cashcard – пул карточкаси (банкоматдан оладиган нақд пул учун)

Exercise 8. Choose the best answer. Underline the one you have chosen.

1. If you buy something, but don't have enough moneyю

- a) you transfer it
- b) you borrow it
- c) you lend it

2. Debits are:

- a) sums of money owed by one person;
- b) records of money paid into a bank account;
- c) records of money taken out of a bank account.

3. Credits are:

- a) plastic cards used instead of money;
- b) sums of money paid into a bank account;
- c) the amount of money in a bank account.

4. An interest is:

- a) payment for opening an account;
- b) payment for using someone else's money;
- c) extra-charge payment.

5. Lending is:

- a) the act of giving money to those who need it;

- b) the act of taking money;
- c) the act of paying for something.

6.A deal is:

- a) a business relationship;
- b) a business agreement;
- c) a way of saving money.

7.Borrowing is:

- a) paying money for something used;
- b) giving money to those who need it;
- c) getting money from a financial institution.

8.The amount of money lent is a

- a) debt, b) debit, c) loan

9.A person who has borrowed money is a

- a) creditor, b) debtor, c) owner

10.The income received by someone who lends money is called

- a) dividends b) interest, c) grants

11.Theaccount shows whether the company is profitable or not.

- a) profit and loss, b) volume, c) shareholders

12.Bankers requireto guarantee a loan.

- a) accounts, b) shares, c) securities

Exercise 9. Complete these sentence with the correct prepositions.

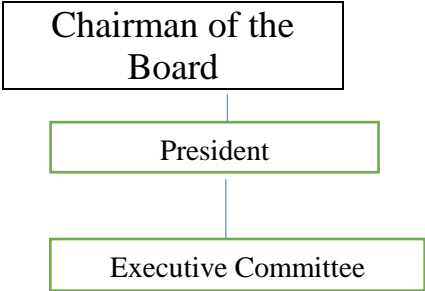
1. The bank lent \$500,000 to Mr Beaver a 24% interest a year.
2. I think you pay a very small interest Monthly account.
3. The lion's share our profit comes crediting-lending moneyborrowers.
4. Last year the value our shares increased 25%.
5. Can I exchange soums dollars, please?
6. I'd like to place a deposit your bank.
- 7 I'm going to withdraw some money my account a birthday party.
8. I'd like to transfer some moneymy deposit..... my wife's account.
9. The bank charged the client interest 10% per annum.
10. It's not a good time for taking a loan.

Exercise 10. Read the numbers.

1. 2009 was the company's most profitable year since 1995.

- 2. The advantage of Internet banking is that you can check your account 35/8.
- 3. The price for this product rose by 5% last month.
- 4. The new desk is 150 cm X 80 cm X 120 cm.
- 5. My e-mail address is jackgable@nailmail.co.uk
- 6. This printer costs \$20.99.
- 7. The company lost \$50,000.
- 8. $\frac{4}{5}$ of the company's employees are full-timers.
- 9. In my first job I earned € 38 a week, which was € 1,976 a year.
- 10. It's either 0.432 or 4.031, I can't remember.
- 11. Did you say \$ 1,000,000? But it's over £1,090,000!
- 12. You can fax them on 066-22 27 47.

Exercise 11. Listen to how Ed Walker describes the structure of his bank and complete the organisation chart.



Exercise 12(a). Read the following dialogue.

James: Hello, Mr. Wolf, you've promised to show me round your bank. First, could you tell me about your bank's organization?

Jack: We pleasure. Just to give you the background, it was founded in 1956 as merchant bank. The bank has 500 offices around the world. The general meeting of the shareholders runs the bank. They elect the Board of Directors. The Board of Directors appoints the Managing Director. He has 2 Deputy Managing Director. They report to the Managing Directors. Let me show you organization charts. As you can see we have 6 divisions.

James: How many departments are there in your bank?

Jack: There six divisions in the bank and we have subsidiaries in many district of the city.

James: Yes, of course. For example, we have the Administration Division, which looks after all administrative matters. They include planning, financial control, computer services, personnel, premises and so on.

James: Which division deals with credits and loans?

Jack: It's the Banking Division. It looks after loans, credits, financial projects, overdrafts, documentary credits and correspondent banking and the Treasury Division is responsible for assets and liabilities management.

James: I see. What division deals with currency exchange?

Jack: We are wry active in the markets and so we have the Dealing Division, Which deals with foreign exchange, money market transactions and bonds

James: Your bank provides good service to legal entities, but what about the general public?

Jack: Our Commercial Division provides the whole range of wholesale and retail banking services. Now we have a nationwide network of branches to serve private customers. The Marketing Division is responsible for advertising.

James: And what division deals with public relations?

Jack: The Marketing Division is also in charge of public relations.

And what about your bank?

James: We also have a similar structure in our bank, providing the wide range of services.

Jack: Now let me show you round our central hall. There are 15 cash desks here and just as many cashiers.

James: Why so many?

Alan: Each desk is in charge of a different operation. For example, at this window you can transfer money from one account to another, here you can change currency, there you can deposit money in your account and so on.

Jack: Oh, what a surprise! Mr. Cage, what are you doing here?

Cage: Hello, nice to see you. I'm withdrawing money from my account because I'm going to buy a car.

Jack: Do you know what desk to apply to?

Cage: Yes, I do.

Jack: Do you need my help?

Cage: No, thank you.

Jack: See you later, then.

Cage: See you.

(b) Draw the organogram of the bank you have just read about and describe its structure.

Exercise 13. Read some dialogues which may take place in a bank.

Dialogue 1

Opening an account

- Good morning.
- Good morning.
- I'd like to open an account, please.
- Certainly, sir. What sort of account would you like?
- Can I open a deposit account please?
- Yes, you can.

Dialogue 2

Withdrawing money from the account

- Good afternoon.
- Good afternoon.
- I'd like to withdraw some money from my account, please. Here is the number.
- How much would you like to withdraw?
- \$2,000. please.
- One moment, please sir. Yes, that's all right. How would you like it?
- In hundreds, I please. Thank you.

Dialogue 3

Making a transfer

- Good morning.
- Good morning, madam.
- I've asked my bank to transfer \$5,000 to you in my name. I'd like to know if the money has arrived.
- I'll just see madam. Could I have your passport, please?
- Here you are.
- Thank you. The money has arrived, madam, but I'm afraid the passport numbers don't correspondent.
- What do you mean?
- Until we receive identification from your bank we can't pay you. If you like I can send a tax, but I'll have to charge it to you
- That's all right. How long will it take?
- We may get the answer either this afternoon or tomorrow morning.
- If you call me at this number, I'll tell if we have received an answer.
- Thanks. Good-bye.
- Good-bye.

Exercise 14. Listen to the dialogue between a clerk and a client and say what problem the client has faced.

Exercise 15. Listen to the dialogue and answer the questions.

- 1 Where does this dialogue take place?
- 2 What is the exchange rate?
- 3 How much money did the customer exchange?

Exercise 16. Write a day's diary for a bank manager.

Exercise 17. You are in London. You want to open a current account. Complete the following form.

CURRENT ACCOUNT	
The name of the bank	Date:
Name in full: -----	
Address: -----	
Occupation:-----	
Nationality:-----	
Employer's address: -----	
Tel. No. Private: -----	
Business:-----	
Salary: -----	
Address to which *statement must be sent: -----	
**Specimen signature: -----	

*statement –банк ҳисоботи, баланс, смета

**specimen – намуна

Exercise 18. You are in London. You want to transfer 3,000 by cable to your wife in your home city. Complete the following form.

TELEGRAPHIC TRANSFER ORDER
