

Before you decide where to put your money it pays to shop around. You wouldn't take out a contract for a mobile phone without first comparing which option suits you best: the same applies to bank accounts. These days, banking services, including current and savings accounts, are offered by a wide range of providers including high street banks, building societies and the Post Office.

Once you've decided which provider to bank with, the next step is to find out which account will work best for you and your money. Here's some information to get you started.

Current account

Use this account to manage money coming in and going out.

Your **income** (salary, benefit payment or pension) can be paid directly into your **current account**. Use it to set up **direct debits** and **standing orders** for money that needs to go out to pay bills.

You will receive a **debit card** which can be used to withdraw cash from a **cash withdrawal machine** or to pay for goods using **chip and pin**. You may also receive a **cheque book**.

You may be eligible to apply for an agreed **overdraft** facility if you're over 18. That means the bank agrees to let you use more money than you have in your account. They will tell you the exact amount of your overdraft and you could be charged for this service, depending on your provider.

There are also youth accounts for young people which some banks offer to those aged 11 and above, in which you can deposit money. You will receive a paying-in book, and a **cash/debit card** facility.

Basic account

A **basic account** is similar to a current account but doesn't have the overdraft credit facility or cheque book. This account is simple to run – it allows you to pay money in, and you may be given a debit card to pay for things.

Savings account

A **savings account** is somewhere to put your money if you are saving towards something special or for your future needs. A savings account usually offers higher rates of **interest** than current or basic accounts. Remember the more you save, the more interest you'll earn. You will have to pay tax on the interest you earn on a savings account unless you are a non tax payer (i.e. if you're under 16, a pensioner etc.) or you have it saved within a **Cash ISA**.

Some savings account have a 30 day notice period, which means you can withdraw your money at any time, but you need to give 30 days advance notice to make the withdrawal without losing interest.

Deposit account

A **deposit account** is similar to a savings account. It is usually operated by a **passbook** rather than a card which you take into the bank each time you want to pay in or withdraw money. A deposit account is simple to use and only allows you to make cash withdrawals or payments.

Student account

A **student account** is a type of current account for those usually studying an undergraduate course. Customers have a debit card to withdraw cash and pay for things, and may apply for an overdraft once they are over 18. Other benefits might be free extras or welcome incentive for opening an account. Banks and building societies will have different qualifying criteria for this type of account, so you should check to see if you are eligible.

Have a go at case study: pros and cons



Pros and cons