

Guided Reading Task

Banks are really useful for people who have money and want to keep it safe and secure – and even grow it with interest. They are also useful for people who want to borrow money. The average house price in Britain in 2025 was around £270,000, and the average annual wage around £39,000. This means it would take many years for most people to be able to have enough money to buy a house from their savings.

Banks help society by using some of the money that people have saved with them to lend to others. That way, people can borrow the money to buy a house or a business. They then gradually pay that loan back in monthly instalments over many years.

Loans work in the opposite way to savings. Borrowers are charged interest, whereas savers earn it. This means borrowers pay back a higher total amount than they originally borrowed, and banks pass some of the extra money paid on to savers. Without loans – or mortgages as loans for houses – many people would be unable to move into the homes they want, or start the businesses they always dreamt of opening.

Banks also let people use their money safely and easily. Banks, like the rest of the world, are becoming more digital. Cash features less and less. Digital money is seen more and more, like debit cards that can be tapped, online banking and banking apps on phones. These methods allow people to pay for things quickly and easily, send money to other people, and check how much money they have (known as their balance). This is all without carrying large amounts of cash, which can be lost or stolen.

The different types of money used across different countries are called currency. In the UK, the currency is pounds. In the USA, this is dollars. Traditional currencies exist in digital form, and in physical form, like notes and coins, and are regulated by banks and governments. There is, however, a type of money that is not handled by banks and is not controlled or influenced by any national governments. It is known as cryptocurrency. There are no notes or coins for cryptocurrencies. They exist only in the servers of millions of computers in digital records called blockchains. Cryptocurrencies are for adults only, so you must be 18+ to use them.

No body or government oversees cryptocurrencies, and it is difficult to spend them, as shops do not accept them as payment. Their value goes up and down very quickly – usually more so than traditional currencies. Buying cryptocurrency is a risky business.

