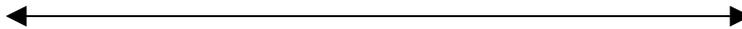


Banking on profits

The highest ever profit has been recorded by a UK-based bank, prompting criticism in some quarters that banks are exploiting their own customers.

1 Are you satisfied with your bank's services? Mark your opinion on the line and discuss your answer with a partner.

Satisfied



Dissatisfied

2 Complete the HSBC Fact File by choosing from the figures below.

Fact File: **HSBC**

Headquarters	London, UK
Number of countries with offices	70 / 80 / 90
Number of offices worldwide	6,500 / 8, 500 / 9,500
Number of customers	70 / 80 / 90 million

3 Scan paragraph 1 of the article and check your answers to 2.

Profits: good or bad?

HSBC, the world's second largest bank, has just announced a pre-tax profit of £7.7 billion. The figure for 2003 is the highest recorded by a UK-based bank, and represents a 33% increase on 2002. HSBC's surge in profit was boosted by its takeover of US loan firm Household International. Five employees, believed to be in the investment banking division, are said to be taking home £30m in bonuses. The bank, which has 90 million customers worldwide and 9,500 offices in 80 or so countries, has plans to expand into India, China, Mexico, Brazil and the Middle East.

While much of the profit comes from lending to corporates, the bank has also benefited from the rise in the rate of consumer borrowing around the world,

prompting criticism of what some claim are exorbitant interest rates on loans. Those critical of what they see as excessive profits have attacked the size of the bonuses. "While the fat cats continue to get richer, who pays? The consumer!" argued one bitter customer, complaining about what he sees as poor service.

One Financial Times reporter responded to this by pointing out that Britain has been a capitalist economy for more than 200 years – so why criticise profit? Supporters of the bank say that HSBC has benefited from good management, and that the remuneration to its directors is justified. Given the vast range of financial products currently available, they say, consumers should simply make sure they shop around before taking out a bank loan.

4 Match the words on the left with the words on the right to make expressions found in the article.

- | | |
|---------------|--------------|
| a) pre-tax | 1) economy |
| b) investment | 2) borrowing |
| c) consumer | 3) cat |
| d) interest | 4) profit |
| e) fat | 5) banking |
| f) capitalist | 6) rate |

5 Read the whole article. Check your answers to 4 and summarise the two points of view on the profit made by banks. Use as many of the expressions in 4 as possible.

6 Discuss the following questions in small groups and report your ideas to the class.

- Do you agree that banks make excessive profits, or are they justifiable and a sign of a healthy economy?
- Are the banks' rates of interest on loans competitive in your country, or are they too high?
- Is consumer borrowing rising? What other trends can you identify in the financial / banking area?