B1

# Money, Banking and Personal Finance

Vocabulary Lesson, Examples & Practice Questions

## Money, Banking and Personal Finance

Managing money is an essential part of everyday life. Whether you are opening a bank account, paying bills, saving for a holiday, or trying to avoid debt, understanding the language of **money, banking and personal finance** will help you feel more confident in real-world situations.

Read this short situation first to see some of the key vocabulary in context:

*Lucas is 24 years old and has just started his first full-time job. He visits his bank to open a **current account** and set up a **direct debit** for his rent. The bank adviser tells him it is a good idea to put some money into a **savings account** each month. Lucas also wants to apply for a **loan** to buy a car, so the adviser checks his **credit score** and explains the **interest rate**. Lucas leaves the bank feeling much more in control of his **finances**.*

Now let us look at all the key vocabulary you need for this topic.

## Key Vocabulary & Meaning Breakdown

### 1. Bank Accounts & Everyday Banking

| Word / Phrase | Part of Speech & Meaning | Example Sentence | Collocations / Notes |
|---|---|---|---|
| **current account** | *noun phrase* — a bank account used for everyday spending, receiving wages and paying bills | My salary is paid directly into my current account every month. | open / close a current account; use a current account |
| **savings account** | *noun phrase* — a bank account designed for keeping money and earning interest over time | She puts £100 into her savings account every month. | open a savings account; pay into a savings account |
| **balance** | *noun* — the total amount of money in a bank account at a particular time | He checked his balance online before going shopping. | check your balance; account balance; a low / high balance |
| **statement** | *noun* — an official document from a bank showing all transactions (money in and out) over a period | I looked at my bank statement and realised I was spending too much. | bank statement; monthly statement; check / read your statement |

| Word / Phrase | Part of Speech & Meaning | Example Sentence | Collocations / Notes |
| --- | --- | --- | --- |
| **transaction** | *noun* — an act of buying or selling something, or moving money from one place to another | The suspicious transaction was flagged by the bank. | make a transaction; bank transaction; online transaction |
| **direct debit** | *noun phrase* — an automatic payment taken from your bank account on a fixed date each month | I set up a direct debit to pay my electricity bill automatically. | set up / cancel a direct debit; pay by direct debit |
| **standing order** | *noun phrase* — a regular fixed payment you instruct your bank to make on your behalf | He has a standing order to send £50 to his savings account every week. | set up a standing order; cancel a standing order |
| **withdraw** | *verb* — to take money out of a bank account | She withdrew £200 from the cash machine. | withdraw cash / money; withdraw from an account |
| **deposit** | *verb / noun* — (verb) to put money into a bank account; (noun) a sum of money paid as a first payment or as security | He deposited his wages into his account on Friday. / We paid a deposit on the flat. | deposit money / cash; pay a deposit; make a deposit |
| **transfer** | *verb / noun* — to move money from one account to another | I will transfer the money to you this afternoon. | bank transfer; transfer money / funds; online transfer |

## 2. Borrowing, Lending & Credit

| Word / Phrase | Part of Speech & Meaning | Example Sentence | Collocations / Notes |
| --- | --- | --- | --- |
| **loan** | *noun* — money that you borrow from a bank or person and agree to pay back, usually with interest | She took out a loan to pay for her university fees. | take out a loan; apply for a loan; repay a loan; a bank loan; a personal loan |
| **mortgage** | *noun* — a long-term loan from a bank used to buy a house or property | They got a mortgage and bought their first home last year. | take out a mortgage; apply for a mortgage; pay off a mortgage; monthly mortgage payments |
| **interest rate** | *noun phrase* — the percentage of a loan or savings amount that is charged or paid over a period of time | The interest rate on that credit card is very high. | high / low interest rate; interest rate rises / falls |

| Word / Phrase | Part of Speech & Meaning | Example Sentence | Collocations / Notes |
|---|---|---|---|
| **credit card** | *noun phrase* — a card that allows you to buy things now and pay for them later | He paid for the flights on his credit card and paid the bill at the end of the month. | pay by credit card; use a credit card; credit card bill / debt |
| **credit score** | *noun phrase* — a number that shows how reliable you are at repaying money you borrow | You need a good credit score to get a mortgage. | check / improve your credit score; a good / poor credit score |
| **debt** | *noun* — money that you owe to someone or an organisation | After university, many students are in debt. | be in debt; get into debt; pay off a debt; have debts |
| **repay** | *verb* — to pay back money that you borrowed | It took her five years to repay the loan. | repay a loan / debt; repay in instalments |
| **instalment** | *noun* — one of a series of regular payments made over a period of time | We paid for the sofa in monthly instalments. | pay in instalments; monthly instalments; the final instalment |
| **overdraft** | *noun* — when you spend more money than you have in your account, and the bank allows it (usually with a fee) | He went into his overdraft at the end of the month. | go into your overdraft; have an overdraft; overdraft limit / fee |
| **afford** | *verb* — to have enough money to be able to buy or pay for something | I would love a new laptop, but I can't afford one right now. | can / can't afford something; afford to do something |

## 3. Managing Money & Personal Finance

| Word / Phrase | Part of Speech & Meaning | Example Sentence | Collocations / Notes |
|---|---|---|---|
| **budget** | *noun / verb* — (noun) a plan for how to spend money; (verb) to plan how much you will spend | We made a budget for the holiday to avoid overspending. | stick to a budget; set a budget; budget for something; monthly budget |
| **income** | *noun* — money received regularly, especially from work | Her monthly income increased after her promotion. | monthly / annual income; household income; earn an income |

| Word / Phrase | Part of Speech & Meaning | Example Sentence | Collocations / Notes |
| --- | --- | --- | --- |
| **expenditure** | *noun* — the total amount of money spent on something (more formal than "spending") | The company tried to reduce its monthly expenditure. | monthly / total expenditure; reduce expenditure; household expenditure |
| **expense** | *noun* — money spent on something; the cost of something | Rent is his biggest monthly expense. | living expenses; daily / monthly expenses; cover expenses; cut expenses |
| **save up** | *phrasal verb* — to gradually collect money over a period of time for a particular purpose | They are saving up for a new car. | save up for something; save up enough money |
| **invest** | *verb* — to put money into something (e.g. property, shares) with the aim of making a profit | She decided to invest some of her savings in the stock market. | invest in something; invest money; a good investment |
| **insurance** | *noun* — an agreement where you pay regular amounts to a company, which pays you money if something bad happens (e.g. illness, accident, theft) | It is important to have travel insurance when you go abroad. | travel / car / home insurance; take out insurance; pay for insurance |
| **receipt** | *noun* — a written or printed document showing that you have paid for something | Always keep the receipt in case you want to return something. | keep / get a receipt; show a receipt; a till receipt |
| **fee** | *noun* — an amount of money paid for a professional service or to use something | The bank charges a monthly fee for some accounts. | bank fee; charge a fee; pay a fee; service fee |
| **currency** | *noun* — the system of money used in a particular country | When we travelled to Japan, we needed to exchange our currency. | foreign currency; exchange currency; local currency |

## Collocations & Useful Expressions

These are natural word pairings and common expressions used when talking about money, banking and personal finance. Learning collocations helps you sound more natural in English.

**open + a bank account**

*You need to open a bank account before you start work.*

**pay + a bill**

*I always pay my bills on time to avoid extra charges.*

**take out + a loan / a mortgage**
*They took out a mortgage to buy their first flat.*

**get into + debt**
*It is easy to get into debt if you spend more than you earn.*

**pay off + a debt / a loan / a mortgage**
*She worked hard to pay off all her debts within three years.*

**save up + for + something**
*He is saving up for a deposit on a house.*

**stick to + a budget**
*If you stick to your budget, you will have money left at the end of the month.*

**make + a profit / a loss**
*The investment made a profit of 10% in the first year.*

**invest + in + something**
*She invested in a small business and it was very successful.*

**exchange + currency**
*We exchanged our pounds for euros at the airport.*

**charge + a fee / interest**
*The bank charges interest on all credit card balances.*

**can't afford + to do something / a noun**
*We can't afford to go on holiday this year.*

## Important Differences & Confusing Words

### Borrow vs Lend

These two verbs cause a lot of confusion because they describe the same action from different points of view.

**borrow** = to take something (or money) from someone temporarily
*Can I **borrow** some money from you until Friday?*
*She borrowed £500 from her parents.*

**lend** = to give something (or money) to someone temporarily
*Can you **lend** me some money until Friday?*
*Her parents lent her £500.*

💡 *Think of it this way: you **borrow FROM** someone, and you **lend TO** someone.*

### Salary vs Wage

Both words mean money you receive for working, but they are used differently.

**salary** = a fixed amount of money paid monthly, usually to people in professional or office jobs
*Her annual **salary** is £35,000.*

**wage(s)** = money paid by the hour, day or week, often to people in manual or part-time jobs
*He earns a good **wage** at the factory.*
*She is paid a minimum **wage** at her weekend job.*

### Cost vs Price vs Charge

All three words relate to money paid for something, but they are not always interchangeable.

**cost** = the amount of money needed to buy or do something (often used as a noun or verb)
*The **cost** of living in London is very high.*
*How much does it **cost**?*

**price** = the amount of money a seller asks for a product or service
*The **price** of petrol has gone up again.*
*The house sold at a very high **price**.*

**charge** = money asked for a service, or to ask someone to pay for a service
*There is an extra **charge** for using the hotel pool.*
*The bank will **charge** you a fee for international transfers.*

### Savings vs Save vs Safe

These three words look or sound related but have very different meanings.

**savings** (noun, plural) = money you have saved over time
*She used her **savings** to start her own business.*

**save** (verb) = to keep money instead of spending it; also to rescue someone from danger
*I try to **save** at least £200 every month.*

**safe** (adjective) = not in danger; (noun) a locked metal box for keeping money or valuables
*Keep your passport in the hotel **safe**.*
*Is it **safe** to use this website for online banking?*

## Common Mistakes

❌ I want to lend some money from the bank.
✅ **borrow** — *I want to borrow some money from the bank.* (You borrow FROM somewhere, not lend from.)

❌ She earns a wage of £40,000 per year as a manager.
✅ **salary** — *She earns a salary of £40,000 per year as a manager.* (Salaried professionals receive a salary, not a wage.)

❌ I made a deposit of money into my current account this morning.
✅ **deposited** — *I deposited money into my current account this morning.* (Use "deposited" as a verb, or "made a deposit" without "of money.")

❌ He paid his loan in three instalments of each £500.
✅ **of £500 each** — *He paid his loan in three instalments of £500 each.*

❌ I can't afford buying a new car at the moment.
✅ **afford to buy** — *I can't afford to buy a new car at the moment.* (After "afford," use the infinitive with "to,"

not the gerund.)

❌ She put her salary in the savings account for to save for a holiday.
✅ **to save** — *She put her salary in the savings account to save for a holiday.* (Do not use "for to" — use the infinitive "to" alone.)

❌ I need to withdraw some money from my savings account in the cash machine.
✅ **from the cash machine** — *I need to withdraw some money from the cash machine.* (You withdraw money from the machine, not "in" it.)

❌ The price of this loan is 5% interest.
✅ **interest rate** — *The interest rate on this loan is 5%.* ("Price" is used for products. For loans, use "interest rate.")

## Money, Banking and Personal Finance: Quick Summary & Review

In this lesson, you have learnt a wide range of vocabulary related to **money, banking and personal finance**. Here is a quick summary of the main areas covered:

- **Bank accounts:** current account, savings account, balance, statement, transaction, deposit, withdraw, transfer
- **Borrowing and credit:** loan, mortgage, interest rate, credit card, credit score, debt, repay, instalment, overdraft, afford
- **Managing money:** budget, income, expenditure, expense, save up, invest, insurance, receipt, fee, currency
- **Key collocations:** take out a loan, pay off a debt, stick to a budget, save up for something, open a bank account
- **Confusing words:** borrow vs lend, salary vs wage, cost vs price vs charge, savings vs safe

Remember: building good habits with **personal finance vocabulary** will help you in real situations — from visiting a bank to reading a financial document or discussing money with colleagues and friends.

Now practise your **money, banking and personal finance** vocabulary in the exercises below.

# Money, Banking and Personal Finance – Practice Test

B1 | Practice Exercises: Multiple Choice, Fill-in-the-Gap, Fill-in-the-Blank, Matrix Matching & Sorting

## Part 1: Multiple Choice (Questions 1–10)

**1** **Maria wants to save money every month. She decided to open a _____ account at her local bank.**

- A credit
- B savings
- C loan
- D mortgage

**2** **Tom borrowed £5,000 from the bank. Every month he has to pay back part of the money plus _____.**

- A interest
- B profit
- C salary
- D income

**3** **Sarah's monthly expenses are higher than her income. This means she is spending _____ her means.**

- A within
- B above
- C beyond
- D beside

**4** **John checked his bank _____ online to see how much money he had spent last month.**

- A receipt
- B statement
- C invoice
- D budget

**5** **When Anna went travelling abroad, she went to a currency _____ to change her euros into dollars.**

- A machine
- B office
- C exchange
- D transfer

**6** Peter wants to buy a house but does not have enough money. He will need to apply for a _____ from the bank.

- **A** mortgage
- **B** discount
- **C** refund
- **D** dividend

**7** I always try to _____ a monthly budget so I know exactly how much I can spend on food, transport, and entertainment.

- **A** lend
- **B** set
- **C** charge
- **D** invest

**8** Which word means the opposite of 'withdraw' money from a bank account?

- **A** spend
- **B** lend
- **C** deposit
- **D** borrow

**9** The shop was having a sale and everything was _____ by 30%. I saved a lot of money!

- **A** charged
- **B** reduced
- **C** borrowed
- **D** invested

**10** Claire decided to _____ some of her salary into stocks and shares to grow her money over time.

- **A** waste
- **B** invest
- **C** charge
- **D** owe

## Part 2: Fill in the Gap (Questions 11–20)

**11** I need to go to the bank to ___ some money from my account because I have no cash.

- **A** withdraw
- **B** deposit
- **C** borrow

**12** At the end of each month, she checks her bank ___ to see how much she has spent.

- A statement
- B receipt
- C contract

**13** He couldn't afford to buy the car in full, so he decided to take out a ___ from the bank.

- A loan
- B wage
- C refund

**14** My landlord asked me to pay the ___ every month at the beginning of the month.

- A rent
- B fee
- C salary

**15** She tried to save money by making a ___ — a plan showing her income and expenses each month.

- A budget
- B profit
- C invoice

**16** When you borrow money from a bank, you usually have to pay ___ on top of the amount you borrowed.

- A interest
- B discount
- C tax

**17** I don't have enough money in my account, so I think I am ___ again this month.

- A overdrawn
- B overpaid
- C overcharged

**18** Many people use a credit ___ to pay for things online and pay the money back later.

- A card
- B note
- C bill

**19** After working hard all year, she was happy to receive a ___ in her salary at the end of December.

- **A** bonus
- **B** refund
- **C** loan

**20** The shop offered a 20% ___ on all items during the sale, so everything was much cheaper.

- **A** discount
- **B** interest
- **C** charge

## Part 3: Fill in the Blank (Questions 21–30)

**21** I need to go to the bank to ________________ some cash before the weekend.

**22** She checked her bank ________________ at the end of the month to see all her transactions.

**23** He couldn't afford to buy the car outright, so he took out a ________________ from the bank.

**24** Make sure you pay your credit card bill on time, or the bank will charge you ________________ .

**25** I set up a direct ________________ so that my rent is paid automatically every month.

**26** After paying all her bills, she had very little money left over, so she decided to create a monthly ________________ .

**27** The shop assistant asked if I wanted to pay by cash or by ________________ .

**28** He opened a savings ________________ at the local bank to keep his money safe and earn some interest.

**29** The price of the jacket was too high, so she waited for the sale to take ________________ of the discount.

**30** After years of careful saving, she finally managed to pay off her mortgage and own her house ________________ .

## Part 4: Matrix / Match Values (Questions 31–40)

**31** **Match each banking word on the left with its correct definition on the right.**

**MATCHING OPTIONS:**

- **A** Money you put into a bank account
- **B** An official record of all transactions in your account
- **C** Money you take out of a bank account
- **D** The total amount of money currently in an account

| Item / Phrase | Write Match Letter (A, B, C...) |
|---|---|
| Deposit | [ ] |
| Withdrawal | [ ] |
| Balance | [ ] |
| Statement | [ ] |

**32** **Match each personal finance word on the left with its correct synonym or definition on the right.**

**MATCHING OPTIONS:**

- **A** A plan for how to spend and save money
- **B** Money received from work or investments
- **C** Money spent on something

| Item / Phrase | Write Match Letter (A, B, C...) |
|---|---|
| Budget | [ ] |
| Expense | [ ] |
| Income | [ ] |

**33** **Match each word related to borrowing money on the left with its correct meaning on the right.**

**MATCHING OPTIONS:**

- **A** To pay back money that you borrowed
- **B** An extra amount charged for borrowing money
- **C** A sum of money borrowed that must be repaid
- **D** Money that you owe to someone else

| Item / Phrase | Write Match Letter (A, B, C...) |
|---|---|
| Loan | [ ] |
| Interest | [ ] |
| Debt | [ ] |
| Repay | [ ] |

**34** Match each collocation on the left with the correct word that completes it on the right.

**MATCHING OPTIONS:**

- **A** credit card
- **B** cash
- **C** bank account

| Item / Phrase | Write Match Letter (A, B, C...) |
| --- | --- |
| Open a ___ | [ ] |
| Pay by ___ | [ ] |
| Withdraw ___ from an ATM | [ ] |

**35** Match each word on the left with its correct opposite (antonym) on the right.

**MATCHING OPTIONS:**

- **A** Expensive
- **B** Borrow
- **C** Lose
- **D** Spend

| Item / Phrase | Write Match Letter (A, B, C...) |
| --- | --- |
| Save | [ ] |
| Lend | [ ] |
| Earn | [ ] |
| Cheap | [ ] |

**36** Match each phrasal verb on the left with its correct meaning in a financial context on the right.

**MATCHING OPTIONS:**

- **A** To finish repaying a debt completely
- **B** To spend less on something
- **C** To have no more of something left

| Item / Phrase | Write Match Letter (A, B, C...) |
| --- | --- |
| Cut back on | [ ] |
| Pay off | [ ] |
| Run out of | [ ] |

**37** Match each type of card or account on the left with its correct description on the right.

**MATCHING OPTIONS:**

- **A** A bank account used for everyday spending and payments
- **B** A card that lets you spend now and pay later
- **C** A card that takes money directly from your bank account
- **D** A bank account designed to help you save and earn interest

| Item / Phrase | Write Match Letter (A, B, C...) |
|---|---|
| Debit card | [ ] |
| Credit card | [ ] |
| Savings account | [ ] |
| Current account | [ ] |

**38** Match each sentence beginning on the left with the correct ending on the right.

**MATCHING OPTIONS:**

- **A** for a holiday in Japan next year.
- **B** because I don't have enough money.
- **C** because he spent more than he had in his account.

| Item / Phrase | Write Match Letter (A, B, C...) |
|---|---|
| I can't afford to buy a new car | [ ] |
| She is saving up | [ ] |
| He went overdrawn | [ ] |

**39** Match each word on the left with the correct preposition it is typically used with on the right.

**MATCHING OPTIONS:**

- **A** from
- **B** for (something)
- **C** to
- **D** on

| Item / Phrase | Write Match Letter (A, B, C...) |
|---|---|
| Pay ___ | [ ] |
| Spend ___ (something) | [ ] |
| Borrow ___ (someone) | [ ] |
| Charge ___ (someone) | [ ] |

**40** Match each financial term on the left with the correct example or context on the right.

**MATCHING OPTIONS:**

- **A** A regular payment that protects you from financial loss
- **B** Money saved during your working life for when you retire
- **C** Money paid to the government from your earnings or purchases
- **D** A long-term loan used to buy a house

| Item / Phrase | Write Match Letter (A, B, C...) |
|---|---|
| Mortgage | [ ] |
| Insurance | [ ] |
| Tax | [ ] |
| Pension | [ ] |

## Part 5: Sort the Values (Questions 41–50)

**41** Arrange the words to make a correct sentence.

savings | account | bank. | need | open | the | to | at | I | a

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**42** Arrange the words to make a correct sentence.

always | bills | time. | pays | She | her | on

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**43** Arrange the words to make a correct sentence.

took | loan | car. | out | buy | new | He | to | a | a

---

**44** Arrange the words to make a correct sentence.

expenses | monthly | income. | higher | than | are | My | my

---

**45** Arrange the words to make a correct sentence.

spending | should | month. | track | every | keep | your | You | of

---

**46** Arrange the words to make a correct sentence.

interest | credit | high. | rate | card | very | The | on | my | is

---

**47** Arrange the words to make a correct sentence.

holiday | abroad. | saving | money | have | been | for | I | a

---

**48** Arrange the words to make a correct sentence.

important | shopping. | budget | before | set | you | It | is | to | go | a

---

**49** Arrange the words to make a correct sentence.

couldn't | afford | debt. | back | pay | the | He | to

---

**50** Arrange the words to make a correct sentence.

money. | spend | earn, | less | than | save | more | you | you | you | can | If

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# Answer Key & Explanations

Money, Banking and Personal Finance | B1

## Part 1: Multiple Choice

**1.** **B** Correct Answer: savings ✅ Explanation: A savings account is a bank account where you keep money to save it over time, often earning a small amount of interest. A credit account is for borrowing, and a mortgage is a loan specifically for buying property.

**2.** **A** Correct Answer: interest ✅ Explanation: Interest is the extra money you pay back to the bank when you borrow money. For example, if you borrow £100, you might pay back £110 — the extra £10 is the interest. Profit and income are money you earn, not money you owe.

**3.** **C** Correct Answer: beyond ✅ Explanation: The expression beyond your means means spending more money than you earn or can afford. Buying a luxury car when you have a small salary is living beyond your means. Within your means is the opposite — it means spending only what you can afford.

**4.** **B** Correct Answer: statement ✅ Explanation: A bank statement is an official document from the bank showing all your transactions — money going in and out — over a period of time. A receipt is proof of a single purchase, and an invoice is a bill from a company asking you to pay.

**5.** **C** Correct Answer: exchange ✅ Explanation: A currency exchange is a place where you can change one type of money into another, for example euros into dollars. She found a currency exchange at the airport before her flight. A transfer means moving money from one account to another.

**6.** **A** Correct Answer: mortgage ✅ Explanation: A mortgage is a large loan from a bank specifically used to buy a house or property. You pay it back in monthly instalments over many years. They took out a 25-year mortgage to buy their first home. A refund is money returned after a purchase, and a discount is a reduction in price.

**7.** **B** Correct Answer: set ✅ Explanation: The common collocation is to set a budget, which means to decide in advance how much money you will spend in different areas. She set a strict budget to save money for her holiday. You can also stick to a budget, meaning you do not spend more than planned.

**8.** **C** Correct Answer: deposit ✅ Explanation: To deposit money means to put money into your bank account, while to withdraw means to take money out. She deposited her monthly salary into her savings account. These are essential banking verbs at B1 level.

**9.** **B** Correct Answer: reduced ✅ Explanation: Reduced means made lower in price. When a shop has a sale, prices are often reduced by a percentage. The jacket was reduced from £80 to £56. Charged means asked to pay a price, which is the opposite idea in this context.

**10.** B — Correct Answer: invest ✅ Explanation: To invest means to put money into something — like stocks, property, or a business — with the aim of making more money in the future. He invested £1,000 in company shares and made a good profit after two years. Waste means to spend money carelessly with no benefit.

### Part 2: Fill in the Gap

**11.** A — Correct Answer: withdraw ✅ Explanation: To withdraw money means to take money out of your bank account. I withdrew £50 from the ATM. Deposit means to put money in, and borrow means to take something with the intention of returning it.

**12.** A — Correct Answer: statement ✅ Explanation: A bank statement is an official document that shows all the transactions in your account over a period of time. My bank statement showed I spent too much last month. A receipt is proof of a single purchase, and a contract is a legal agreement.

**13.** A — Correct Answer: loan ✅ Explanation: A loan is money that you borrow from a bank and pay back over time, usually with interest. She applied for a loan to buy a new computer. A wage is money you earn for working, and a refund is money returned after a purchase.

**14.** A — Correct Answer: rent ✅ Explanation: Rent is the regular payment you make to live in a property that belongs to someone else. I pay £700 rent for my flat every month. A fee is payment for a service, and a salary is money you earn from your job.

**15.** A — Correct Answer: budget ✅ Explanation: A budget is a plan for managing your money by deciding how much to spend on different things. We need to stick to our budget this month. A profit is money earned after costs, and an invoice is a bill sent to a customer.

**16.** A — Correct Answer: interest ✅ Explanation: Interest is the extra money you pay when you borrow from a bank, calculated as a percentage of the loan. The loan had a 5% annual interest rate. A discount reduces the price of something, and a tax is money paid to the government.

**17.** A — Correct Answer: overdrawn ✅ Explanation: If you are overdrawn, you have spent more money than you have in your bank account. I went overdrawn because I forgot about a large bill. Overpaid means you received too much money, and overcharged means you were asked to pay too much.

**18.** A — Correct Answer: card ✅ Explanation: A credit card is a payment card that lets you buy things now and pay the money back at a later date. I paid for the hotel with my credit card. A note is a paper banknote, and a bill is a request for payment.

**19.** A — Correct Answer: bonus ✅ Explanation: A bonus is extra money paid to an employee in addition to their regular salary, often as a reward. He received a Christmas bonus from his company. A refund is money returned after a purchase, and a loan is borrowed money.

**20.** A — Correct Answer: discount ✅ Explanation: A discount is a reduction in the original price of something. Students get a discount at this museum. Interest is an extra cost when borrowing money, and a charge is a fee for a service, not a price reduction.

### Part 3: Fill in the Blank

**21.** **withdraw** Correct Answer: withdraw ✅ Explanation: To withdraw means to take money out of your bank account. I withdrew €50 from the ATM this morning. The opposite is to deposit, which means to put money in.

**22.** **statement** Correct Answer: statement ✅ Explanation: A bank statement is an official document or online record that shows all the money coming in and going out of your account. The bank sends me a statement every month.

**23.** **loan** Correct Answer: loan ✅ Explanation: A loan is money you borrow from a bank and pay back over time, usually with interest. She applied for a loan to start her small business. A loan is different from a grant, which is money you don't have to pay back.

**24.** **interest** Correct Answer: interest ✅ Explanation: Interest is the extra money you pay when you borrow money, or the money you earn when you save. The loan had a 5% annual interest rate. Don't confuse it with fee, which is a fixed charge for a service.

**25.** **debit** Correct Answer: debit ✅ Explanation: A direct debit is an automatic payment that is taken from your bank account on a fixed date. My phone bill is paid by direct debit. This is different from a credit, which is money added to your account.

**26.** **budget** Correct Answer: budget ✅ Explanation: A budget is a plan that shows how much money you have and how you will spend it. Following a budget helped him save more each month. A budget is a plan, while a statement only records what already happened.

**27.** **card** Correct Answer: card ✅ Explanation: Paying by card means using a debit or credit card instead of cash. Most supermarkets let you pay by card or contactless. This is a very common collocation in everyday financial conversations.

**28.** **account** Correct Answer: account ✅ Explanation: A bank account is a personal record held at a bank where you store your money. You need to open an account before you can use online banking. Common types include current accounts and savings accounts.

**29.** **advantage** Correct Answer: advantage ✅ Explanation: The phrase take advantage of means to use an opportunity to get a benefit. Take advantage of the special offer before it ends. In personal finance, it often refers to using deals, discounts, or low interest rates wisely.

**30.** **outright** Correct Answer: outright ✅ Explanation: Outright means completely, with no money still owed. He bought the car outright instead of using a loan. If you buy something outright, you pay the full amount immediately rather than in instalments.

### Part 4: Matrix / Match Values

**31.** **Deposit: A • Withdrawal: C • Balance: D • Statement: B**

Correct Matches: • Deposit ➔ Money you put into a bank account • Withdrawal ➔ Money you take out of a bank account • Balance ➔ The total amount of money currently in an account • Statement ➔ An official record of all transactions in your account ✅ Explanation: These are all essential banking terms. A deposit adds money to your account, while a withdrawal removes it. Your balance tells you how much you have at any moment, and a statement shows your full history of deposits, withdrawals, and payments.

**32.** **Budget: A • Expense: C • Income: B**

Correct Matches: • Budget ➔ A plan for how to spend and save money • Expense ➔ Money spent on something • Income ➔ Money received from work or investments ✅ Explanation: A budget helps you manage your income and control your expenses. For example, your monthly income is €2,000 and your total expenses are €1,500, so you can save €500. Good personal finance means keeping expenses lower than income.

**33.** **Loan: C • Interest: B • Debt: D • Repay: A**

Correct Matches: • Loan ➔ A sum of money borrowed that must be repaid • Interest ➔ An extra amount charged for borrowing money • Debt ➔ Money that you owe to someone else • Repay ➔ To pay back money that you borrowed ✅ Explanation: When you take out a loan, you create a debt. The bank charges interest on top of the amount borrowed. You must then repay both the original loan and the interest over time. For example, she took out a loan of €5,000 and repaid it over two years.

**34.** **Open a ___: C • Pay by ___: A • Withdraw ___ from an ATM: B**

Correct Matches: • Open a ___ ➔ bank account • Pay by ___ ➔ credit card • Withdraw ___ from an ATM ➔ cash ✅ Explanation: These are very common collocations in everyday banking English. We say open a bank account, not 'make a bank account'. We pay by credit card or by cash. We withdraw cash from an ATM — the machine in the street or bank where you can get money.

**35.** **Save: D • Lend: B • Earn: C • Cheap: A**

Correct Matches: • Save ➔ Spend • Lend ➔ Borrow • Earn ➔ Lose • Cheap ➔ Expensive ✅ Explanation: These are important antonym pairs in money vocabulary. If you save money, you don't spend it. You lend money to others, but you borrow money from others. You earn money at work, but you can lose it through bad investments. Something cheap costs little; something expensive costs a lot.

**36.** **Cut back on: B • Pay off: A • Run out of: C**

Correct Matches: • Cut back on ➔ To spend less on something • Pay off ➔ To finish repaying a debt completely • Run out of ➔ To have no more of something left ✅ Explanation: These are common phrasal verbs used in personal finance. For example, I need to cut back on eating out to save money. She finally paid off her student loan after five years. We ran out of money before the end of the month. Notice that cut back on and run out of are followed by a noun.

**37.** **Debit card: C • Credit card: B • Savings account: D • Current account: A**

Correct Matches: • Debit card ➔ A card that takes money directly from your bank account • Credit card ➔ A card that lets you spend now and pay later • Savings account ➔ A bank account designed to help you save and earn interest • Current account ➔ A bank account used for everyday spending and payments ✅ Explanation: A debit card uses your own money immediately, while a credit card is like a short-term loan. A savings account earns you interest over time, but a current account is for regular, everyday transactions like paying bills or shopping.

**38.** **I can't afford to buy a new car: B • She is saving up: A • He went overdrawn: C**

Correct Matches: • I can't afford to buy a new car ➔ because I don't have enough money. • She is saving up ➔ for a holiday in Japan next year. • He went overdrawn ➔ because he spent more than he had in his account. ✅ Explanation: Can't afford means you don't have enough money to buy something. Saving up means putting money aside gradually for a future goal — notice we use saving up for. Overdrawn means your bank account has gone below zero, which usually results in a bank fee.

| | | |
|---|---|---|
| **39.** | **Pay ___: B • Spend ___ (something): D • Borrow ___ (someone): A • Charge ___ (someone): C** | Correct Matches: • Pay ___ ➔ for (something) • Spend ___ (something) ➔ on • Borrow ___ (someone) ➔ from • Charge ___ (someone) ➔ to ✅ Explanation: These are important dependent prepositions in money vocabulary. We say pay for the meal, spend money on clothes, borrow money from a friend, and charge it to my account. Using the wrong preposition is a very common mistake for intermediate learners. |
| **40.** | **Mortgage: D • Insurance: A • Tax: C • Pension: B** | Correct Matches: • Mortgage ➔ A long-term loan used to buy a house • Insurance ➔ A regular payment that protects you from financial loss • Tax ➔ Money paid to the government from your earnings or purchases • Pension ➔ Money saved during your working life for when you retire ✅ Explanation: These are all important adult financial responsibilities. A mortgage is typically paid over 20–30 years. Insurance covers things like your car, health, or home. Tax is compulsory and funds public services. A pension gives you income after you stop working — it's important to start saving for it early. |

## Part 5: Sort the Values

41. Correct Answer: I need to open a savings account at the bank. ✅ Explanation: The verb need is followed by to + infinitive (to open). The noun phrase a savings account is the object, and the prepositional phrase at the bank gives the location and comes at the end of the sentence.

42. Correct Answer: She always pays her bills on time. ✅ Explanation: The frequency adverb always is placed between the subject She and the main verb pays. The collocation pay on time means to make a payment before the deadline and is a common B1 personal finance phrase.

43. Correct Answer: He took out a loan to buy a new car. ✅ Explanation: The phrasal verb take out means to borrow money formally from a bank. The infinitive of purpose (to buy) explains the reason for taking out the loan and follows the main clause.

44. Correct Answer: My monthly expenses are higher than my income. ✅ Explanation: This sentence uses a comparative adjective (higher than) to compare two nouns. Expenses refers to money spent regularly, while income refers to money earned — both are key personal finance vocabulary words at B1 level.

45. Correct Answer: You should keep track of your spending every month. ✅ Explanation: The modal verb should is used to give advice and is followed by the base form keep. The fixed expression keep track of means to monitor something carefully, and spending is a gerund used as a noun here.

46. Correct Answer: The interest rate on my credit card is very high. ✅ Explanation: The noun phrase interest rate is the subject, and the prepositional phrase on my credit card specifies which interest rate is being discussed. Interest rate refers to the percentage charged on borrowed money — an important banking term at B1 level.

47. Correct Answer: I have been saving money for a holiday abroad. ✅ Explanation: The present perfect continuous (have been saving) is used to describe an ongoing action that started in the past. The preposition for introduces the purpose of saving, and abroad is an adverb meaning in a foreign country.

48. Correct Answer: It is important to set a budget before you go shopping. ✅ Explanation: The structure It is + adjective + to + infinitive is used to give general opinions or advice. The collocation set a budget means to decide in advance how much money you will spend, and the subordinating conjunction before introduces the time clause.

49. Correct Answer: He couldn't afford to pay back the debt. ✅ Explanation: The verb afford is followed by to + infinitive (to pay). The phrasal verb pay back means to return borrowed money. Debt refers to money that is owed to someone or an institution — all key B1 personal finance vocabulary.

50. Correct Answer: If you spend less than you earn, you can save more money. ✅ Explanation: This is a first conditional sentence expressing a real and practical situation. The if-clause uses the present simple (spend, earn), and the main clause uses can + base verb (can save). The comparison less than you earn reinforces the concept of living within your means.

| Score Guide | |
| --- | --- |
| **45–50 Correct** | Excellent! You have mastered this topic. |
| **38–44 Correct** | Very good! Review the rules you missed. |
| **30–37 Correct** | Good start. Re-read the lesson and examples. |
| **0–29 Correct** | Study the lesson again before retaking the test. |