

МИНИСТЕРСТВО ОБРАЗОВАНИЯ И НАУКИ РФ  
ФЕДЕРАЛЬНОЕ ГОСУДАРСТВЕННОЕ  
БЮДЖЕТНОЕ ОБРАЗОВАТЕЛЬНОЕ УЧРЕЖДЕНИЕ  
ВЫСШЕГО ОБРАЗОВАНИЯ  
«ВОРОНЕЖСКИЙ ГОСУДАРСТВЕННЫЙ  
УНИВЕРСИТЕТ»

# **TEST YOUR BUSINESS ENGLISH**

## **Part 1**

Учебно-методическое пособие

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The biggest factor in bank profits has therefore been the level of bad debts. In 1992, when banks' accounts showed the worst of the effects of the last UK recession, the seven principal banks set aside £6.45bn of bad debt provisions between them. Last year, the total for the same group is estimated to have been around £2.6bn.

The other side of British banks' profitability reflects an interplay between technology-based efficiency gains and customer inertia. Banks have become more efficient over the past decade, stripping out costs as new computer systems and telecommunications networks have enabled them to set up industrial-scale processing plants for tasks that used to be handled by clerks in the back of each branch. Branches are expensive to run, and the network has been whittled down from a peak of 21,800 branches in 1985 to around 15,000 today. Each branch, too, has fewer staff.

One of the most frequent complaints is the disappearance of the human touch in the bank branch. Yet customers have reaped most of the benefits of the banks' efficiency gains – cash dispensed at the touch of a button by machines, instant account balances, transfers and even loans available over the telephone.

However, British banks remain years behind their French rivals in electronic banking. Nor is the UK's money transmission system the most consumer-friendly in the world. Customers in New Zealand and Canada get deposits credited instantaneously, while in the UK they must wait days. Competition in financial services has been steadily increasing since the 1980s. Yet the British consumer is more likely to swap a wife (or husband) than a bank. With such undemanding customers, leading banks could have years of fat profits ahead of them.

**(Financial times. – 2009. – 14 Oct.)**

## COMPREHENSION

### 1. Answer the following question. Then compare your answers with the class.

Which of the following examples of improved banking technology are mentioned either directly indirectly in the text:

- a) ATMs;
- b) smart cards;
- c) credit cards;
- d) telephone banking;
- e) electronic banking?

### 2. Look quickly at the text and find the answers to these questions.

Which of the following reasons are given in the text to explain the British banks' profitability:

- a) trading in bond markets;
- b) reduction in the number of branches;
- c) effective management;
- d) reduction in the level of bad debts;
- e) interest from loans to overseas customers;
- f) large-scale processing of transactions;
- g) competitive interest rates attracting more customers;
- h) British customers preferring to stay with the same bank;
- i) the strength of the economy?

### 3. Mark these statements T (true) or F (false) according to the information in the text. Find the part of the text that gives the correct information.

1. Barclays' profits were higher than those of Lloyds TSB. F
2. Banks in the UK can make more profit by charging higher interest on loans.
3. The provision for bad debts for the main UK banks was much higher in 1992.
4. The banks do not employ as many clerks as they did in the 1980s.
5. Customers prefer to deal with machines rather than talk to bank staff.

6. British banks are the most advanced in the world.
7. British banks face a lot of competition from other institutions offering financial services.
8. The British don't complain very much about the service they receive from their banks.

## LANGUAGE PRACTICE

### 1. Match these terms with their definitions

- 1) net interest margin;
- 2) provisions;
- 3) return on equity;
- 4) money transmission system;
  - a) money reserved to cover bad debts;
  - b) profit as a percentage of shareholders' capital;
  - c) difference between interest income and interest payments;
  - d) method of transferring funds from one person to another.

### 2. Replace the underlined items with words or phrases from the text that have a similar meaning.

1. Banks are affected by the state of the UK economy **in general**.

*At large*

2. The UK has a very **established**, loan market.
3. It's difficult for a large bank to **increase** loan and deposit volumes.
4. The UK's seven principal banks set aside **about** £6.5bn of bad debt provision.
5. Banks have closed thousands of branches over the last **ten years**.
6. Many routine banking tasks are **dealt with** by computer.
7. A bank branch is expensive to **operate**.

8. Technologically, British banks are behind their French **competitors**.

9. Few people **change** banks in Britain.

10. Most UK banks still make **huge** profits.

**3. Choose the best explanation for each of these words or phrases from the text.**

1. troubled

- a) worried;
- b) pleased.

2. rash trading

- a) trading without enough care and consideration;
- b) trading in large volumes.

3. let its operating costs run out of control

- a) allowed its costs to go over the budget;
- b) allowed its costs to be checked by external auditors.

4. customer inertia

- a) customers don't want to move or change anything;
- b) customers expect a lot of improvements in service.

5. stripping out costs

- a) adding to costs;
- b) removing costs.

6. reaped most of the benefits

- a) collected most of the benefits;
- b) lost most of the benefits.

**4. Find a word or phrase in the text that has a similar meaning.**

1. total amounts or quantities

*volumes* .....

2. system of local offices spread around the country

b..... n.....

3. highest level recorded over a period

P.....

4. designed so as to be of maximum benefit to the consumer

c..... -f.....

5. when the value of a deposit is added to an account balance

c.....

6. banks with the biggest share of the market

l..... b.....

**5. Match the first half of each sentence with the most appropriate second half. Notice the words that are used in each sentence to mark a contrasting idea. (These words are in italics.)**

1. Barclays Bank had a troubled year.

2. Banks make a profit on their net interest margin.

3. British banks have introduced a range of technically-advanced services.

4. Canadian customers get deposits credited instantaneously.

a) *while* UK customers have to wait a few days;

b) *yet* it managed to make a lot of profit;

c) *but* it is difficult for them to widen their margins;

d) *but* they are still behind the French in electronic banking.

## **FOLLOW UP**

**1. If possible, find the annual results of a bank in your country and report on its profitability.**

**2. Discuss with your colleague from Great Britain how British banks differ from banks in your country in the way they make their profits?**