



Activity sheet 1

Scenario: The Bank of England raises Bank Rate



High street bank manager

"I manage ABC Bank. It will now cost my bank more to borrow money from the Bank of England, so I need to raise the interest rates offered to my customers. People saving money with ABC Bank will earn more in interest, but those borrowing money will have to pay back more in interest."



Car manufacturing factory owner (business that sells to businesses)

"My factory makes cars and sells them to car showrooms. I was considering buying more machinery to make more cars, but now that interest rates have gone up I have decided to save the money instead. Now it will earn more interest in my business account with ABC Bank, and I can consider buying new machinery in a few years."



Car Showroom owner (business that sells to consumers)

"I run a car showroom selling cars to the public. Higher interest rates mean many people do not want to take out a loan to buy a car because they will have to pay back more interest, or, they would rather save the money and receive more interest. This means I am selling fewer cars."



Consumer 1

"I am retired and live off my pension and the savings I have with ABC Bank. Price rises have meant I haven't been able to buy as much with my pension, so I am very pleased interest rates have gone up. Now I will earn more interest on my savings with ABC Bank."



Consumer 2

"Last year I bought a house using a loan from ABC Bank. Now interest rates have gone up it costs me more each month to repay my loan, so I have less to spend on other things. For example, I have started buying cheaper products in the supermarket and will not yet buy a new car."



Activity sheet 1

Scenario: The Bank of England lowers Bank Rate



High street bank manager

"I manage ABC Bank. It will now cost ABC Bank less to borrow money from the Bank of England, so I can lower the interest rates offered to my customers. People saving money will earn less in interest, but those borrowing money will pay back less in interest."



Car manufacturing factory owner (business that sells to businesses)

"My factory makes cars and sells them to car showrooms. Now that interest rates have gone down, the savings in my ABC Bank business account are earning less. So, I will withdraw some of my savings and use the money to buy new machinery for my business, in order to increase production."



Car Showroom owner (business that sells to consumers)

"I run a car showroom selling cars to the public. Lower interest rates means taking out a loan for a car costs less, and many people have more money to spend, so I am selling more cars."



Consumer 1

"I have retired and live off my pension and the savings I have in ABC Bank. With interest rates so low, I'm not earning very much extra money on my savings and have less money to spend. For example, I have started buying cheaper products in the supermarket and will not yet buy a new car."



Consumer 2

"Last year I bought a house using a loan from ABC Bank. Now interest rates have gone down it costs me less each month to repay my loan, so I have a little more to spend on other things. For example, I have started buying new furniture for my home and may buy a new car."